



*Meeting:* **Scrutiny Commission**

*Date/Time:* **Wednesday, 5 November 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. D. Jennings CC  
Mrs. J. A. Dickinson CC    Mr. P. G. Lewis CC  
Dr. R. K. A. Feltham CC    Mr. K. W. P. Lynch CC  
Dr. S. Hill CC    Mr. R. J. Shepherd CC  
Mr. Max Hunt CC    Mr. L. Spence CC

**Please note: this meeting will be filmed for live or subsequent broadcast via the Council's web site at <http://www.leics.gov.uk/webcast> – 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 10 October 2014.	(Pages 5 - 10)
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.  | Review of Earmarked Funds, Balances and Contingency.                                       | Director of Corporate Resources | (Pages 11 - 32)   |
| 9.  | 2014/2015 Medium Term Financial Strategy Monitoring (Period 6).                            | Director of Corporate Resources | (Pages 33 - 54)   |
| 10. | County Council Annual Performance Report.  | Chief Executive                 | (Pages 55 - 118)  |
| 11. | Final Report of the Scrutiny Review Panel on Traded Services.                              | Scrutiny Review Panel           | (Pages 119 - 162) |

A copy of the Panel's Draft Final Report is attached for the consideration of members. The Final Report is scheduled to be considered by the Cabinet at its meeting on 19 November.

12. Date of next meeting.

The next meeting of the Commission is scheduled to take place on 28 January 2015.

13. 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 Friday, 10 October 2014.

PRESENT

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

Mrs. R. Camamile CC  
 Mrs. J. A. Dickinson CC  
 Dr. R. K. A. Feltham CC  
 Dr. S. Hill CC  
 Mr. Max Hunt CC

Mr. D. Jennings CC  
 Mr. P. G. Lewis CC  
 Mr. K. W. P. Lynch CC  
 Mr. R. J. Shepherd CC  
 Mr. L. Spence CC

136. Minutes.

The minutes of the meeting held on 16 September 2014 were taken as read, confirmed and signed.

137. Question Time.

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

138. Questions asked by Members.

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

139. Urgent Items.

There were no urgent items for consideration.

140. 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.

The following members each declared a personal interest in respect of Agenda Items 9 and 10 (Minutes 144 and 145 refer) as either a District/Borough Council or Parish Council members (as indicated):

Mrs. R. Camamile CC (Borough/District Council and Parish Council)  
 Mrs. J. A. Dickinson CC (Borough/District Council and Parish Council)  
 Mr. S. J. Galton CC (Borough/District Council)  
 Dr. S. Hill CC (Borough/District Council)  
 Mr. M. J. Hunt CC (Borough/District Council)  
 Mr. D. Jennings CC (Borough/District Council and Parish Council)  
 Mr. K. W. P. Lynch CC (Borough/District Council and Parish Council)

Mr. L. Spence CC (Borough/District Council and Parish Council)

141. Declarations of the Party Whip.

There were no declarations of the party whip.

142. Presentation of Petitions.

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

143. Presentation by Voluntary Action LeicesterShire (VAL).

The Commission considered a presentation by Kevan Liles and Simon Jenner of Voluntary Action LeicesterShire (VAL) concerning its recent activities in delivering the County Council's countywide infrastructure contract. A copy of the slides forming the presentation is filed with these minutes.

Arising from the presentation, the following points were noted:

General

- VAL had seen a reduction in County Council funding from £920k to £600k over five years. It would see a further reduction in 2014/15 to £450k. During this period, the number of volunteers in Leicestershire had increased from 200,000 to 500,000 – an increase of 130%. The number of community groups and organisations supported (2,500) had also seen a significant increase;
- VAL obtained £3 million of additional funding through other competitive bidding/tendering processes to provide a range of other services to the public and voluntary sector, such as its support for HealthWatch Leicestershire. A further example given was VAL's support for "Think Leicestershire's" work to recruit volunteers, which was added to the Council's existing infrastructure support contract. A concern was expressed that VAL could be seen to be obtaining additional work and funding from the Council without having been through a competitive process. It was noted that the Commission had agreed at its previous meeting that the Council's contract with VAL would be audited by the Council's Internal Audit service;
- There was a criticism amongst some local groups that VAL was not sufficiently visible in communities. It was acknowledged that, due to reductions in funding, the District Development Officer posts, which had engaged with communities at a local level, had had to be removed. VAL had taken a decision to prioritise support rather than visibility;
- Austerity measures had impacted medium sized community groups who were already delivering services previously. Smaller groups had been better able to adapt because they were less reliant on public money. Reduced public money to support activities and services had meant that communities were more engaged than ever before. Innovation would be the key to success in securing funding going forward. Those groups who continued to rely solely on public funding would struggle to survive;

- VAL provided some support to all groups, but prioritised those groups whose activities supported the Council's strategic priorities. Groups that fell outside of this remit were directed to other sources of support;
- It was highlighted that without VAL's support, community groups across the County would have been less successful in areas such as funding bids. A recent national study supported the view that community groups were less likely to secure funding without an effective support organisation in place;
- The relationship between VAL and district voluntary sector organisations had improved though it was acknowledged that VAL no longer had the resources to attend district meetings. A network of quarterly forums had been set up by VAL in the Districts that funded them (Charnwood, Harborough, Melton and North West Leicestershire) to enable engagement between VAL and voluntary sector/community groups;

### Community Libraries

- It was VAL's belief that the period between the Council ceasing to run a library and a community successfully taking it over independent of infrastructure support would be at least two years. Support would be required through this period;
- VAL hoped to have a dialogue with the Council to extend the infrastructure contract and secure extra funds to assist with community library support. VAL outlined its offer, which would include governance support and training in areas such as resource management. The Council had yet to make a decision on its community infrastructure support offer, as a Scrutiny Review Panel had been charged with taking evidence from community groups and making recommendations to the Cabinet. The Chairman asked that the minute of the discussion with VAL on this issue be reported to the Scrutiny Review Panel.

RESOLVED:

That Mr. Liles and Mr. Jenner be thanked for their informative presentation.

#### 144. Leicestershire County Council Planning Obligations Policy Consultation Draft.

The Commission considered a report of the Chief Executive concerning a review of the County Council's planning policy for developer contributions towards County-wide services and infrastructure. A copy of the report, marked "Agenda Item 9", is filed with these minutes.

Arising from the discussion, the following points were noted:

#### Section 106 (S106) Agreements

- (i) In response to issues raised in relation to agreements with developers on financial contributions towards schools which had not come to fruition, it was suggested that developers could review at any stage the type of development it was putting forward and therefore the likely contribution for schools. It was noted that the Council had a similar policy to other councils not to charge for 1 bedroom dwellings (most commonly flats) as the occupancy was not felt likely to include children. Yield rates from housing developments were based on evidence from

surveys conducted several years ago. It was felt that this area would merit some review to ensure that the data was up to date;

- (ii) Not all developers were willing to pay S106 charges up front. Review mechanisms were in place to ensure that developers with plans for sustainable urban extensions with provision for over 500 dwellings could review their plans after the agreement was in place. This arrangement led to both increases and reductions in S106 funds for the Council;
- (iii) Some district councils had trialled the issuing of bonds as a way of ensuring greater protection in instances where a developer went bankrupt. Officers offered to consider this option, though it was pointed out that where a viable development existed it was likely to lead a new developer taking on development and the associated planning obligations;
- (iv) It was acknowledged that Page 21 of the Draft Policy would need to link to the final version of the mainstream Home to School Transport Policy;
- (v) Some members felt that the policy to seek contributions for a larger sub-regional library, rather than a local library may cause public concern (Page 40);
- (vi) It was confirmed that District and Borough Councils (as “planning authorities”) would be responsible for applications relating to economic growth (Page 33). It was hoped that District and Borough Councils would draw down on the County Council’s Policy to ensure consistency;
- (vii) The point was made that some planning authorities were being required to take a decision on applications without knowing what would be included in the S106 agreement. It was noted that where there was any significant variation to a development, the matter should be brought before the planning authority’s member committee again;
- (viii) The yield rate of 24 school pupils per 100 dwellings was determined by the Council’s survey whilst the multiplier rates were based on the Department for Education’s (DfE) 2009 nationally based guidelines. Officers in Children and Family Services had been requesting the DfE to review this multiplier figure for upward of two years. A suggestion was made for officers in the Department to re-emphasise this request in a letter to the Secretary of State for Education, Nicky Morgan MP;
- (ix) A view was expressed that there should be greater account taken of the impact of developments on the arts. Officers felt that, though it was difficult to justify this as part of S106, it was ultimately a matter for planning authorities.

#### Section 278 (S278) Agreements

- (x) It was felt that there would be merit in the Policy taking a greater account of the impact of developments on road traffic (S278). Whilst the Council’s draft Policy was directly about S106 obligations, officers agreed to discuss this suggestion with the Director of Environment and Transport.



## RESOLVED:

That the comments made on the Leicestershire County Council Planning Obligations Policy be submitted to the Cabinet for consideration at its meeting on 19 November 2014.

145. Communities Strategy.

The Commission considered a Cabinet report to be submitted to its meeting on 13 October 2014 concerning the outcome of the consultation process on the draft Communities Strategy. A copy of the Cabinet report, marked "Agenda Item 10", is filed with these minutes.

The Chief Executive reported that, the Commission was being asked for its comments on the response to the consultation process and the revised draft Strategy, which would be submitted to the Cabinet for approval at its meeting on 13 October. A further report, summarising the outcomes of the further engagement undertaken in relation to a detailed Delivery Plan to sit below the Strategy would be presented at a later date.

Arising from the discussion, the following points were made:

- 90 responses had been received to the online consultation exercise and 220 participants had been actively engaged at workshops run by the County Council. One of the messages that had emerged from the consultation was that the document was high level. The Delivery Plan (as described above) would be a more accessible document on which the public could engage;
- Members felt that the Strategy as it appeared now was an improvement over the version that was previously submitted to the Commission's meeting on 11 July. There were however, still some concerns around the type of language used and whether this would be understandable for members of the public;
- There was a concern that "hard to reach" and vulnerable communities were not sufficiently engaged on documents such as this, where the future of services was reliant on the willingness of communities. It was acknowledged that further work needed to be done to engage these communities and this work was already planned into the engagement programme;
- There was concern from some that there was a lack of emphasis in the Strategy on communities "owning" the delivery of their services. Whilst some felt that communities would need to lead on identifying what they required of the Council in terms of support, a view was expressed that the Council's activities should continue to be driven by the Council's strategic priorities;
- It was felt that there should be greater account taken in the document of areas which were non-parished and how their needs would be addressed as part of the Strategy;
- The following page-specific points were made in relation to the layout and presentation of the Strategy:
  - Page 72: consideration should be given to removing the term "building blocks"
  - Page 85: the table was confusing to read with text at different angles

- Page 86: the second line in "Background" should read "poverty of identity"

RESOLVED:

That the draft Communities Strategy and the comments made thereon be submitted to the Cabinet for consideration at its meeting on 13 October 2014.

146. Date of next meeting.

It was NOTED that the next meeting of the Commission would be held on Wednesday 5 November 2014 at 2.00pm.

10.30 am - 1.00 pm  
10 October 2014

CHAIRMAN



## **SCRUTINY COMMISSION – 5 NOVEMBER 2014**

### **REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

#### **REVIEW OF EARMARKED FUNDS, BALANCES AND CONTINGENCY**

##### **Purpose of Report**

1. To report to the Commission the findings of a detailed review of revenue earmarked funds.

##### **Policy Framework and Previous Decisions**

2. The earmarked funds strategy was approved by the County Council at its budget meeting on 19 February 2014 as part of the Medium Term Financial Strategy (MTFS). The earmarked funds are reviewed three times during the financial year.

##### **Review of Earmarked Funds**

3. The review covered all revenue earmarked funds excluding schools. The main elements were to:
  - a) review if earmarked funds were required and the appropriate level,
  - b) review the spending and contribution profiles for the main earmarked funds over the next four years,
  - c) review the appropriate level of the General County Fund,
  - d) reallocate balances as required.

##### **Earmarked Funds**

4. Earmarked funds are held in accordance with the County Council's Earmarked Funds Policy that is approved annually by County Council as part of the Medium Term Financial Strategy (MTFS) – copy attached as Appendix A.
5. The level of earmarked funds excluding schools was £97.1m as at 31 March 2014, see Appendix B for details. The opening balances have been reviewed and updated as part of the review of earmarked funds. These amendments are shown as transfers in Appendix B. The amendments include:

- Transfer of Supporting Leicestershire Families (£4.65m) and Youth Offending (£0.41m) earmarked funds from Chief Executives to Children and Family Services;
  - Transfer of the DAAT earmarked fund (£1.59m) to the Public Health earmarked fund;
  - Transfers totalling £0.25m from the Community Planning earmarked fund to the Community Grants (£0.05m) and Broadband (£0.2m) earmarked funds;
  - A transfer of £1m from the Economic Development earmarked fund to establish a new fund for Leicestershire Local Enterprise;
  - Transfers of elements of earmarked funds which are no longer required for their original purposes to the Transformation Fund - £1.6m regarding Insurance (reduction in amount required for property damage reflecting very good claim experience), £5m from Public Health (reallocation of earmarked fund to be consistent with the MTFs), £0.6m from Place Based Activities, £0.1m from Legal and £0.3m from a fund for the Minerals and Waste Plan.
6. Following the review of earmarked funds, the updated list of earmarked funds and forecast of balances for the next four years are detailed in Appendix C.
7. Members requested details regarding earmarked funds where the latest projections varied significantly from the previous forecast. Appendix D gives details of earmarked funds where forecasts as at 31<sup>st</sup> March 2015 have varied by more than £0.5m.
8. The following paragraphs consider each earmarked fund in detail and show a projection of the balances at 31<sup>st</sup> March 2015.

### **Renewals of Equipment and Vehicles (£2.4m)**

9. Departments hold earmarked funds to provide funds for the future replacement of vehicles (the County Council has a fleet of around 500 vehicles) and equipment such as ICT.
10. The earmarked funds are;
- Adults and Communities (£0.5m). This provides finance for the future replacement of equipment, vehicles and departmental IT systems.
  - Environment and Transport (£0.7m). This is mainly used to fund replacement of vehicles and equipment, both those used for Highway Maintenance activity and also those used within the Passenger Fleet team for School and Social Care Transport. There is also an element that will be utilised to fund replacement of departmental management information systems (such as STADS (Schools Transfer Administration Database System) which is used within the Sustainable Transport Group). These earmarked funds are not built up from budgeted contributions (nor are any further contributions budgeted for in future years). Instead, when underspends have occurred within

departmental budgets, these have been in part utilised to boost the balances on these earmarked funds.

- Corporate Resources (£1.2m). This will be used to fund renewal of the County Council's ICT infrastructure. The balance on the fund is reducing in line with the progress of several major projects, for example the Windows 7 upgrade and the area network replacement projects. A balance on the fund will be maintained to manage higher than average demand in individual years and to save for future planned upgrades.

### **Trading Accounts (£0.5m)**

11. Surpluses from the Industrial Properties trading account are transferred to an earmarked fund to provide funds for future capital investment, large maintenance items and to smooth volatility in revenue performance.

### **Insurance (£13.6m)**

12. Earmarked funds of £8.4m are held to meet the estimated cost of future claims to enable the Council to meet excesses not covered by insurance policies. The levels are assessed periodically through an Actuarial Review. The next review is planned for the end of 2014/15 Excesses include:
  - Property damage (including fire) £500,000
  - Public / Employers' liability £250,000
  - Professional indemnity £25,000
  - Fidelity guarantee £100,000
  - Money – completely self-insured
13. Local Management of Schools (LMS) earmarked fund (£0.2m). The County Council arranges contents insurance for schools with an excess of £50,000. To protect schools from large losses the County Council retains a proportion of the saved premiums to pay claims that are above the level of excess that a school would normally expect (£200) up to the insured level (£50,000). A balance is built up in low claim years to allow the cost of high claim years to be met. The fund is also used to fund risk management initiatives to try and reduce claims in future years.
14. The uninsured loss fund of £4.8m is required mainly to meet potential liabilities arising from Municipal Mutual Insurance Ltd (MMI) that is subject to a run-off of claims following liquidation in 1992. The run-off is regulated by a scheme of arrangement entered into by the creditors of MMI. The scheme of arrangement provides for a clawback against the creditors in the event that the assets of MMI at the time of liquidation prove insufficient to meet its liabilities.
15. During 2013/14 the County Council paid a levy of £2.2m, as required by the scheme of arrangement; however there is a contingent liability for any additional deficit due to the uncertainty of the value of incurred but not reported claims. MMI's recently released accounts show a significantly worsening position with actual

claims exceeding the forecast made by MMI's actuaries. Hence the level of this fund will be kept under review to take account of the latest MMI run-off position and other failed insurers such as The Independent Insurance Co. Limited.

16. Other (£0.2m) is a contingency held for the Human Resources advisory scheme, operated by the County Council, for schools, in case of employment disputes resulting in a tribunal. The fund is built up from premiums charged to schools and is expected to continue at similar levels in future years.

### **Committed Balances (£2.5m)**

17. Two earmarked funds are used as a mechanism to carry forward resources where expenditure has been committed to projects but the expenditure has not been incurred in that financial year. The two earmarked funds are the Central Maintenance Fund (CMF), £1.7m and the earmarked fund for community grants, £0.8m (includes shire grants and big society grants). Due to the on-going nature of maintenance it is expected that there will always be a large balance on the CMF fund.

### **Children and Family Services**

18. Supporting Leicestershire Families (£2.4m). This earmarked fund has been transferred from the Chief Executive's department and will fund the Supporting Leicestershire's Families service.
19. Early Intervention Grant Transition (nil). This is the balance of funding set aside in 2010/11 to ease the impact of significant reductions in government grants to Children and Family Services. The £3.2m balance on the fund is being used to support the approved 2014/15 MTFS.
20. Children and Family Services Developments (£1.8m). The earmarked fund is held to fund improvements to information management systems, Children and Family Services transformation programmes and one-off activities such as responding to high profile issues including child sexual exploitation.
21. Youth Offending Service (£0.2m). This is now a Children and Family Services earmarked fund following the transfer of the service from the Chief Executives Department.

### **Adults and Communities**

22. Adults and Communities Developments (£1.5m). This earmarked fund is held to fund a number of investments in maintaining social care service levels and assisting the department in achieving its transformation (review of in-house regulated adult social care services, Help to Live at Home, Customer Journey Simplification), temporarily supporting staff within the care pathway, funding potential costs of IAS Phase 2 and supporting the impact of the new Care Act from 1<sup>st</sup> April 2015.

23. Health and Social Care (£4.1m). This earmarked fund is used to fund projects that improve health and social care outcomes in Leicestershire, including the prevention of admission and readmission into hospital as well as the prevention of other costly health and social care provision. Funding for these projects has been aligned with the strategic objectives of the Better Care Fund and has been agreed between the County Council, partners from the NHS and District Councils through the Health and Wellbeing Board. The Integration Executive for Leicestershire has operational oversight of all NHS transfers to the Council. An estimated £1m is planned to be used in 2015/16 on: Assistive Technology (£0.1m), to relieve pressure on hospitals through admission avoidance (£0.6m), and to support hospital discharges (£0.3m). The remaining balance, of the earmarked fund, £3.1m, has been set aside as a contingency for underperformance against the 3.5% targeted reduction in hospital admissions, the pay for performance aspect of the Better Care Fund.
24. Housing Related Support (formerly Supporting People) (£0.5m). The earmarked fund is held to provide funding to support the Early Intervention and Prevention Review.
25. Museums and Arts (nil). This earmarked fund represented the income received from the sale of artefacts. The fund is used to maintain the quality of existing collections.
26. Adults and Communities Extra Care (£0.9m). This earmarked fund was created from elements of the New Homes Bonus grant that were ringfenced by Cabinet for Extra Care schemes. Schemes are currently in development in Blaby and Charnwood. Further opportunities are also being scoped and developed.

### **Public Health**

27. Public Health (£1.8m). The NHS grant for Public Health was above the level of historic expenditure, recognising the historic underfunding in Leicestershire. This has meant that the fund can be redirected from funding a budget shortfall in Public Health to be used for preventative or other beneficial activities. Plans for use of the fund are being formulated.
28. Leicestershire and Rutland Sport (£0.6m). The earmarked fund's main purpose is to hold partner contributions until expenditure on the agreed activities has been incurred. A significant part of the services funding from external agencies is uncertain in nature, so the earmarked fund also allows management of funding variations and a redundancy provision.

### **Environment and Transport**

29. Commuted sums (£2.1m). This is used to cover future revenue costs arising from developer schemes, where the specifications are over and above standard developments (e.g. block paving, bollards or trees on the highway). These liabilities can arise many years in advance of when the funding is received and as such a link is not always made between work undertaken at these developments

and the contributions received, and therefore the balance on this earmarked fund has built up over time. The intention is to utilise the resources over the next few years (£0.7m per year) to help mitigate against the impact of the overall reductions in resources available for highways maintenance, although it is likely that additional amounts (£0.5m per year) will be received which will increase the fund balance over this period.

30. Civil Parking Enforcement (£0.1m). This is a small earmarked fund that is held on behalf of the District and County Partnership which is responsible for the enforcement of on and off street parking in Leicestershire. It will be utilised for equipment and technology replacement in future years.
31. Waste Infrastructure (£1.1m). This is available to fund general improvements to the Recycling and Household Waste Sites (RHWS), the remaining costs of the Waste Transfer Station (WTS) at Whetstone and a new transfer station at Coalville. By the end of the 2016/17 financial year it is expected that most of this fund will have been utilised.
32. Section 38 Income (£0.5m). This is income received from Developers paid in advance and used to cover County Council costs for design checking, on site inspection of works during construction and administration of the process to ensure newly built estate roads are to the required standard for adoption. The signing of the final certificate to agree new roads are at the required level should be carried out within a 4-year period. Section 38 income is paid into the earmarked fund and brought into the accounts to offset the costs in the year in which they are incurred. The majority of the current fund balance will be utilised over the next three years. However, it should be noted that additional funding may become due and be received over this period which would increase the balance on this fund.
33. Section 106 Income (nil). Funding received to meet developer-related revenue expenditure (such as subsidised bus services and travel packs linked to new developments) and where there are no specific conditions for the funding to be repaid. The remaining balance is expected to be utilised in the current year.
34. Leicester and Leicestershire Integrated Transport Model (LLITM) (£0.9m). This is money identified to update the Leicestershire and Leicester Integrated transport model to ensure it accurately predicts the impact of future prospective developments and supports potential bids for future major schemes. This is expected to be spent by 2016.

### **Chief Executive's**

35. Community Planning (£0.3m). This funding is held to support a range of various initiatives with partners and communities within Leicestershire including support for affordable rural housing for older people.
36. Economic Development (£1.4m). This earmarked fund was established to provide funding for economic development proposals. These proposals are contained in the Enabling Growth Plan that is currently in draft form.



37. Leicestershire Local Enterprise Fund (£1m). This earmarked fund was established to provide funding for a business loan scheme which will provide a gradual return of funding to the County Council, unless it is reinvested.
38. Legal (£0.3m). This earmarked fund is held to provide funding for temporary solicitor posts to cope with the current and transformational demand and to provide a contingency for unforeseen external legal and ombudsman claims.
39. Signposting and Community Support Service (formerly Leicestershire Welfare Provision) (£0.9m). This fund is proposed to mitigate the impact of the expected withdrawal of Government funding for the Leicestershire Welfare Provision. The funding will be established from underspends in the scheme's two years of operation (2013/14 and 2014/15) and will be used to temporarily support signposting and community support for vulnerable people, with the aim of minimising the on-going costs of this service over the next four years.
40. Other (£0.5m). This earmarked fund holds funding towards a variety of projects and contingencies. The projects are phased over several years and include; efficiency projects, planning control work, and funding received from (and ring fenced to) crime fighting and prevention.

### **Corporate Resources**

41. Corporate Resources Other (£0.6m). The main purpose of this earmarked fund is to provide funding to efficiency projects and one off initiatives in Corporate Resources. Examples of activities funded are investigating asset management changes/improvements and ICT development work. Funding is also held on behalf of the Multi Agency Travellers Unit.
42. Leicestershire Social Care Development Group (LSCDG) (£0.4m). The earmarked fund is held on behalf of the LSCDG, a partnership with Leicester City Council. Funds are held on behalf of the partnership to meet the Director of Adults and Communities responsibility for workforce development in social care regardless of the sector. The monies are solely for the independent and voluntary sector across the sub region.

### **Corporate**

43. Medium Term Financial Strategy (Transformation/Severance/Budget Stabilisation) (£29m). This has been set aside to fund transformation and invest to save projects to achieve efficiency savings. The fund includes £5m transferred from the Public Health earmarked fund to support the general MTFS at £1m each year over the period 2015/16 to 2019/20. The fund will also be used to fund severance costs. As part of the 2015-19 MTFS the composition of this fund will be reviewed together with a reassessment of the level of the uncommitted General Fund to reflect the increasing risks facing the County Council.

44. East Midlands Shared Services (£0.7m). This is used to fund the Leicestershire County Council contribution to the joint work with Nottingham City Council around EMSS and the associated information systems. This fund has lasted longer than expected due to not all of the original project costs being incurred. However there is a requirement for further development work to be undertaken.
45. Environmental / Energy Efficiency programme (£0.5m). This funding has been set aside to support various invest to save projects to reduce carbon emissions and generate future revenue savings. The fund will be reassessed as part of the 2015-19 MTFS.
46. Academies Programme (nil). This earmarked fund was established to meet the one off legal, finance and other costs associated with school academy conversion. The balance of the fund is anticipated to be used in 2014/15.
47. Local Authority Mortgage Scheme (LAMS) (£-8.4m). The County Council has invested £8.4m in the Local Authority Mortgage Scheme to make it easier for first time house buyers to obtain mortgages and thus stimulate the local housing market and benefit the wider local economy. Investment of £3m in 2013/14 and £5.4m 2012/13 has been advanced to Lloyds bank, temporarily funded from the overall balance of earmarked funds. The funding will be returned to the County Council, 5 years after the date it was advanced.
48. Elections (£0.4m). The average cost of County Council elections is estimated to be £0.8m every four years, unless there are other elections on the same date that can share the cost. The earmarked fund is built between elections using budgeted annual contributions of £0.2m.
49. Broadband (£6.2m). This fund was established to allow the development of super-fast broadband within Leicestershire. A contract has been entered into with BT and they have commenced work. There is a significant time lag in spending County Council funds due to grant conditions that required Central Government and European funding to be spent within a set period.
50. Loughborough Science Park (£1.1m). This fund was established from a provision in the 2013/14 budget for an investment in partnership with Loughborough University and Charnwood Borough Council towards the next phase of development on the Science and Enterprise Park campus.
51. Other (£0.5m). This amount relates to the balance of funding set aside to fund the development of a school place planning strategy to support significantly increased capital funding in 2015-18.
52. East Midlands Councils (nil). This earmarked fund was used as a holding account for various grants that contained no formal conditions for repayment and spanned multiple years. It also contained unallocated balances to offset any future liabilities. The fund will be transferred to Nottingham City Council, on behalf of EMC, in 2014/15 as the County Council has withdrawn from being the servicing authority.

**Other**

53. Potential Health transfers (£5m) – Estimate of year end transfers to the County Council.
54. Dedicated Schools Grant (£4.9m) DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School and Early Years Finance (England) Regulations. Any underspend on services funded by DSG must be carried forward and ring fenced to those services.

**Other Issues**

55. There are real advantages to the County Council of having a strong balance sheet in a period of economic crisis. These are obvious such as a greater ability to weather financial shocks, but there are also advantages such as the ability to use this strength to implement policy decisions such as LAMS and the Leicestershire Local Enterprise Fund that offset, to an extent, the impact of the failure of banks to provide finance.
56. A number of the earmarked funds are held in partnership with other bodies where decisions are taken jointly by the relevant bodies. Of the forecast balance of £77.9m at 31 March 2015, a total of £7.8m is held on behalf of partnerships. These include:
  - Leicestershire and Rutland Sport £0.6m
  - Leicestershire Social Care Development Group £0.4m
  - Supporting Leicestershire Families £2.4m
  - Youth Offending Service £0.2m
  - Civil Parking Enforcement £0.1m
  - Health and Social Care Outcomes £4.1m

**Schools Earmarked Funds**

57. Schools and colleges are allowed to retain their accumulated balances in relation to delegated budgets. Schools balances have reduced from £8.4m in 2012/13 to £8.1m at the end of 2013/14, mainly as a result of academy conversions.

**General County Fund**

58. The General County Fund is held to meet any unexpected risks. The balance on the General County Fund has increased to £10.8m as at 31<sup>st</sup> March 2014 from £10.7m as at 31<sup>st</sup> March 2013.
59. The policy on the General County Fund has been to maintain balances in line with the inherent risks faced by the County Council. The required level of earmarked

funds is kept under review during the year and a more formal assessment is undertaken at the time the Medium Term Financial Strategy (MTFS) is rolled forward. The policy will be to continue to maintain a level of the General County Fund consistent with the overall financial environment. The level of the General County Fund is currently within the target range of 2 to 3% of net expenditure (excluding schools), the balance of £10.8m represents 3% of net expenditure for 2014/15.

60. As part of the earmarked funds review, the risk assessment was revisited given the rapidly changing financial environment. This shows that the risks faced by the County Council are increasing. The key risks are set out below;
- Public finances are deteriorating with the prospect of further cuts in funding for the next five years which will increase the County Council's savings requirement to £120m.
  - The localisation of business rates and changes to Council Tax Benefit mean that the income of the Council will be less predictable and potentially subject to in year shocks.
  - Environment including extreme weather.
  - Service pressures resulting in overspend. Although overall the Council is underspending, pressures within Adults and Children's social care are increasing. National funding changes could exacerbate these pressures.
  - Shortfall in funding for the Care Act. The costs, although uncertain are likely to be significant.
  - Potential shortfalls in funding of transferred services, e.g. the transfer of health responsibilities to Public Health.
61. The current MTFS includes a contingency in the budget of £4m increasing to £8m over the four years of the MTFS. This needs to be considered alongside the General County Fund in relation to the risks faced by the County Council. Even so, the General Fund will be reviewed as part of the MTFS and it is likely it will increase given the significant risks faced by the County Council.

### **External Audit Review**

62. PricewaterhouseCoopers (PWC), our external auditors, have reviewed the 2014/15 – 2017/18 MTFS. This was reported to the Corporate Governance Committee on 12 May 2014. This review covered a number of aspects including earmarked funds and contingencies. The review showed that the uncommitted General County Fund balance of £10.8m, which represents 3% of net spend, is at the lower end of the benchmark group, where a range between 2% and around 7% of net spend was held as a general fund. However, earmarked funds of £97.1m (excluding schools) at 28% of net spend were higher than the average data collected (around 12%), although PWC noted that the level of earmarked funds reduces to a level more comparable with the benchmark group in later years of the MTFS.
63. PWC concluded by stating, in the context of earmarked funds and contingency, that, "Whilst these are larger than in other similar Local Authorities, we believe that

you have taken a prudent approach in setting your MTFS. These reserves will be required to effectively deliver the transformation you require." The report goes on to give the County Council an unqualified value for money opinion but notes that risks continue to surround the delivery of the MTFS.

### **Review of other County Council's General Funds and Earmarked Funds**

64. The level of general fund and earmarked funds of other County Councils has been reviewed. Details are given in the table below:

	Net Budget 2014/15	General Fund Balance 31/3/14	General Fund as % of Budget	Earmarked Funds excluding Schools	Earmarked Funds as % of budget
	£m	£m		£m	
Buckinghamshire	321.5	31.1	9.7%	113.6	35.3%
Cambridgeshire	365.9	12.3	3.4%	19.6	5.4%
Derbyshire	482.1	43.1	8.9%	132.6	27.5%
Devon	513.8	18.3	3.6%	56.5	11.0%
Dorset	272.4	19.8	7.3%	60.4	22.2%
East Sussex	373.8	8.9	2.4%	115.5	30.9%
Essex	892.9	57.4	6.4%	220.6	24.7%
Hampshire	748.2	27.7	3.7%	203.5	27.2%
Kent	912.6	31.7	3.5%	192.8	21.1%
Lancashire	759.5	36.0	4.7%	218.5	28.8%
Leicestershire	352.2	10.8	3.0%	97.1	27.6%
Nottinghamshire	504.3	29.1	5.8%	138.2	27.4%
Somerset	326.2	31.9	9.8%	36.0	11.0%
Staffordshire	476.7	15.9	3.3%	45.5	9.5%
Worcestershire	332.6	13.0	3.9%	87.4	26.3%
Average			5.3%		22.4%

65. On average Counties hold the equivalent of 5% of their budget in general funds. Given the increasing risks the County Council faces in future years, an increase from the current 3% limit (see paragraph 59) to a higher level will be considered as part of the 2015 Medium Term Financial Strategy.

### **Management and Monitoring of Earmarked Funds**

66. At present information on earmarked funds is provided in the following reports;

- February – MTFS reports to the Cabinet and County Council. These reports contain the earmarked funds policy, forecast levels of funds and statement on the robustness of estimates, risks and funds.

- June/July – Outturn report to the Cabinet and Scrutiny Commission. These reports contain the key movements and the actual year end balances.
- September – Statement of Accounts report to Constitution Committee. This report sets out the earmarked funds in detail and includes a commentary and a statement showing all the transfers to and from the earmarked funds.
- Autumn review of earmarked funds to Cabinet and Scrutiny Commission.

### **Conclusions**

67. The review of earmarked funds has identified that;

- The risks faced by the County Council are increasing and that the balance of the General County Fund is lower than other authorities.
- £7.6m of earmarked funds are no longer required and these have been released to the Transformation fund (see Appendix B).
- At the time of agreeing the MTFS further information will be available that could mean further earmarked funds will be released.
- That the level of earmarked funds is expected, excluding Dedicated Schools Grant, to fall to £77.9m by the end of 2014/15.

### **Recommendations**

68. The Scrutiny Commission is asked to note the findings of this review.

### **Background Papers**

None.

### **Circulation under Local Issues Alert Procedure**

None.

### **Equal Opportunities Implications**

There are no specific implications arising from this report.

### **List of Appendices**

Appendix A – Earmarked Funds Policy

Appendix B – Earmarked Funds Restated

Appendix C – Earmarked Funds Projection

Appendix D – Earmarked Funds where balance projected at 31/3/15 has varied by more than £0.5m

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**EARMARKED FUNDS POLICY 2014/15****County Fund**

The level of County Fund will be consistent with the overall financial environment and the key financial risks faced by the County Council. This risk assessment will be carried out at least annually and will take account of circumstances at the time and the corporate risk register. Any funds in excess of the assessed amount will in the first instance be used to fund one off/time limited expenditure (capital and revenue including invest to save and pump priming initiatives) and secondly to support recurring revenue expenditure over the medium term, subject to the key consideration of sustainability.

The benefit of holding non earmarked funds is that the County Council can manage unforeseen financial events without the need to make immediate offsetting savings, with the potential real impact this could have on users of County Council services.

Based on an assessment of risk, the target level for the county fund is within the range of 2% to 3% of net expenditure (excluding schools). The forecast balance of £10.7m (3%) is also within that range. In reviewing the level of the County Fund and contributions to and from the fund, the Cabinet will take the advice of the Director of Corporate Resources.

**Earmarked Funds**

Earmarked funds will be for six main reasons. The key factors that determine their level are set out below:-

- Insurance fund – to meet the estimate of future claims to enable the Council to meet the excesses not covered by insurance.
- Renewals – to enable services to plan and finance an effective programme of vehicle and equipment replacement. These earmarked funds are a mechanism to smooth expenditure on asset replacement so that a sensible replacement programme can be achieved without the need to vary budgets. It should be noted that those Departments which do not currently hold renewals funds will be encouraged to do so.
- Carry forward of underspend - some services commit expenditure to projects, but cannot spend the budget in year. Earmarked funds are used as a mechanism to carry forward these resources. An example of this type of fund is the Central Maintenance Fund.
- Trading accounts - in some instances surpluses are retained by the traded service for future investment.
- Other earmarked funds will be set up from time to time to meet known or predicted liabilities or to meet capital or project based revenue expenditure.
- To support transformational change and internal restructuring.

The main benefits of holding these earmarked funds are set out above.

The Director of Corporate Resources has the authority to take decisions relating to the insurance and other earmarked funds. In terms of other earmarked funds they can only be established and managed with the agreement of the Director of Corporate Resources.

The renewals earmarked funds and those relating to the carry forward of underspends will be managed and operated by departments. However, they can only be established with the approval of the Director of Corporate Resources or the Executive, as set out in the Constitution.

### **Schools Earmarked Funds**

Schools balances are held for two main reasons. Firstly, as a contingency against financial risks and secondly, to save to meet planned commitments in future years.

### **Monitoring Policy**

The level of earmarked funds and balances are monitored regularly throughout the year. Reports will be taken to members as part of the MTFs, an update in the autumn and at year end.

**EARMARKED FUNDS - RESTATED BALANCES**

	Actual Balance 31/03/14 £000	Transfers within Funds 01/04/14 £000	Not Required 01/04/14 £000	Revised Balance 01/04/14 £000
<b>Renewal of Equipment and Vehicles</b>				
Adults & Communities	560	0	0	560
Environment & Transport	1,590	0	0	1,590
Corporate Resources	2,740	0	0	2,740
<b>Trading Accounts</b>				
Industrial Properties	440	0	0	440
<b>Insurance</b>				
General	9,400	0	-1,000	8,400
Schools LMS	670	0	-500	170
Uninsured loss fund	4,800	0	0	4,800
Other	500	0	-100	400
<b>Committed Balances</b>				
Central Maintenance Fund	1,660	0	0	1,660
Community Grants	590	50	0	640
<b>Other</b>				
Children & Family Services				
Supporting Leicestershire Families	0	4,650	0	4,650
Early Intervention Grant Transition	3,200	0	0	3,200
C&FS Developments	2,930	0	0	2,930
Youth Offending Service	0	410	0	410
Adults & Communities				
Adults & Communities Developments	4,890	0	0	4,890
Health & Social Care Outcomes	7,780	0	0	7,780
Housing Related Support	540	0	0	540
Museums & Arts	70	0	0	70
A&C Extra Care	970	0	0	970
Public Health				
DAAT	1,590	-1,590	0	0
Leicestershire & Rutland Sport	840	0	0	840
Environment & Transport				
Commuted Sums	2,320	0	0	2,320
Civil Parking Enforcement	140	0	0	140
Waste Infrastructure	1,610	0	0	1,610
Section 38 Income	490	0	0	490
Section 106	280	0	0	280
LLITM	1,510	0	0	1,510
Other	50	0	0	50
Chief Executive				
Supporting Leicestershire Families	4,650	-4,650	0	0
Placed Based Activities	610	0	-610	0
Community Planning	520	-250	0	270
Economic Development-General	2,810	-1,000	0	1,810
Economic Develop.-Leics Local Enterprise Fund	0	1,000	0	1,000
Legal	560	0	-100	460
Signposting and Community Support Service	500	0	0	500
Other	1,330	-410	-300	620
Corporate Resources				
Corporate Resources Other	1,180	0	0	1,180
Leics Social Care Development Group	520	0	0	520
Corporate:				
MTFS (Transformation/Severance/Budget Stabilisation)	23,290	0	7,610	30,900
East Midlands Shared Services	1,360	0	0	1,360
Environmental/Energy Efficiency Programme	410	0	0	410
Academies Programme	200	0	0	200
Local Authority Mortgage Scheme (LAMS)*	-8,400	0	0	-8,400
Elections	220	0	0	220
Broadband	6,300	200	0	6,500
Loughborough Science Park	1,200	0	0	1,200
Other	300	0	0	300
East Midlands Council	1,140	0	0	1,140
<b>TOTAL</b>	<b>97,140</b>	<b>0</b>	<b>0</b>	<b>97,140</b>
Potential Health Transfers	0	0	0	0
<b>TOTAL</b>	<b>97,140</b>	<b>0</b>	<b>0</b>	<b>97,140</b>
Dedicated Schools Grant	9,600	0	0	9,600
	<b>106,740</b>	<b>0</b>	<b>0</b>	<b>106,740</b>

\* LAMS temporarily advanced from the overall balance of earmarked funds pending repayments in 2017/18 and 2018/19

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**EARMARKED FUNDS BALANCES 1/4/14 AND PROJECTION TO 2018/19**

	Revised Balance 01/04/14 £000	Forecast Balance 31/03/15 £000	Forecast Balance 31/03/16 £000	Forecast Balance 31/03/17 £000	Forecast Balance 31/03/18 £000	Forecast Balance 31/03/19 £000
<b>Renewal of Equipment and Vehicles</b>						
Adults & Communities	560	540	540	530	530	530
Environment & Transport	1,590	740	500	500	500	500
Corporate Resources	2,740	1,170	730	560	640	720
<b>Trading Accounts</b>						
Industrial Properties	440	540	640	740	740	740
<b>Insurance</b>						
General	8,400	8,400	8,400	8,400	8,400	8,400
Schools LMS	170	170	170	170	170	170
Uninsured loss fund	4,800	4,800	4,800	4,800	4,800	4,800
Other	400	230	260	290	320	350
<b>Committed Balances</b>						
Central Maintenance Fund	1,660	1,660	1,660	1,660	1,660	1,660
Community Grants	640	800	650	470	340	150
<b>Other</b>						
Children & Family Services						
Supporting Leicestershire Families	4,650	2,400	1,200	0	0	0
Early Intervention Grant Transition	3,200	0	0	0	0	0
CFS Developments	2,930	1,800	900	0	0	0
Youth Offending Service	410	210	0	0	0	0
Adults & Communities						
Adults & Communities Developments	4,890	1,540	0	0	0	0
Health & Social Care Outcomes	7,780	4,050	0	0	0	0
Housing Related Support	540	540	540	0	0	0
Museums & Arts	70	0	0	0	0	0
A&C Extra Care	970	740	480	0	0	0
Public Health	2,870	1,820	1,220	620	0	0
Leicestershire & Rutland Sport	840	590	540	500	400	400
Environment & Transport						
Commuted Sums	2,320	2,120	1,920	1,720	1,520	1,320
Civil Parking Enforcement	140	140	70	0	0	0
Waste Infrastructure	1,610	1,120	790	240	0	0
Section 38 Income	490	490	490	490	490	490
Section 106	280	0	0	0	0	0
LLITM	1,510	910	310	0	0	0
Other	50	0	0	0	0	0
Chief Executive						
Community Planning	270	270	240	180	0	0
Economic Development-General	1,810	1,360	570	310	40	0
Economic Develop.-Leics Local Enterprise Fund	1,000	1,000	1,000	1,000	1,000	1,000
Legal	460	330	160	60	0	0
Signposting and Community Support Service	500	900	600	350	150	0
Other	620	540	340	180	30	0
Corporate Resources						
Corporate Resources Other	1,180	640	820	430	400	400
Leics Social Care Development Group	520	420	220	130	40	40
Corporate:						
MTFS (Transformation/Severance/Budget Stabilisation)	30,900	29,000	22,000	15,000	8,000	1,000
East Midlands Shared Services	1,360	660	410	160	0	0
Environmental/Energy Efficiency Programme	410	520	400	270	140	0
Academies Programme	200	0	0	0	0	0
Local Authority Mortgage Scheme (LAMS)*	-8,400	-8,400	-8,400	-8,400	-3,000	0
Elections	220	430	610	810	190	390
Broadband	6,500	6,160	2,650	2,180	1,030	1,030
Loughborough Science Park	1,200	1,100	0	0	0	0
Other	300	450	230	0	0	0
East Midlands Councils	1,140	0	0	0	0	0
<b>TOTAL</b>	<b>97,140</b>	<b>72,900</b>	<b>48,660</b>	<b>34,350</b>	<b>28,530</b>	<b>24,090</b>
Potential Health Transfers	0	5,000	5,000	5,000	5,000	5,000
<b>TOTAL</b>	<b>97,140</b>	<b>77,900</b>	<b>53,660</b>	<b>39,350</b>	<b>33,530</b>	<b>29,090</b>
Dedicated Schools Grant	9,600	4,910	2,000	2,000	2,000	2,000
	<u>106,740</u>	<u>82,810</u>	<u>55,660</u>	<u>41,350</u>	<u>35,530</u>	<u>31,090</u>

\* LAMS temporarily advanced from the overall balance of earmarked funds pending repayments in 2017/18 and 2018/19

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**VARIANCES BETWEEN 2014 MTFS FORECAST AT 31/3/15 AND THE LATEST FORECAST EXCEEDING £0.5M**

	2014 MTFS Forecast 31/03/2015 £000	Forecast Balance 31/03/15 £000	Variance  £000	Notes
MTFS (Transformation/Severance/Budget Stabilisation)	23,100	29,000	5,900	£7.6m transfers of elements of earmarked funds which are no longer required for their original purposes, including £5m for Public Health and £1.6m from Insurance. The 2014 MTFS forecast assumed £1.1m for Loughborough Science Park would be held in this fund, but a separate fund was established at the end of 2013/14.
C&FS - Supporting Leicestershire Families	0	2,400	2,400	Earmarked fund transferred from Chief Executives.
Insurance - General	6,070	8,400	2,330	Following a re-evaluation of the insurance provision (representing outstanding unsettled claims) at year end 2013/14, a £2m balance was released to the earmarked fund. £1m increased forecast balance due to claims levels/exposure being lower than forecast. Less £1m balance not required transferred to Transformation Fund.
Adults & Communities Developments	0	1,540	1,540	Reprioritisation of existing commitments held within the fund. This removed several commitments, freeing up resources to ensure that the fund could support the department on its key future priorities.
Loughborough Science Park	0	1,100	1,100	2014 MTFS forecast assumed this would be part of Transformation Fund. A separate earmarked fund was established at the end of 2013/14.
E&T - LLITM	0	910	910	Additional contribution agreed as part of 2013/14 outturn.
Chief Exec -Signposting and Community Support Service	0	900	900	New earmarked fund created from underspends in 2013/14 and 2014/15 for Leicestershire Welfare Provision.
E&T - Commuted Sums	1,340	2,120	780	Additional amounts received - still planning to utilise to carry out additional works in future years.
East Midlands Shared Services	0	660	660	Initial EMSS projects costs were lower than expected but investment will be required in the new reporting solutions.
Environmental/Energy Efficiency Programme	0	520	520	To provide funding for energy efficiency invest to save schemes. To be reviewed in the 2015 MTFS .
Chief Exec - Supporting Leicestershire Families	2,470	0	-2,470	Transferred To Children and Families Service.
Potential Health Transfers	10,000	5,000	-5,000	An estimate of potential year-end transfers.
Public Health	7,300	1,820	-5,480	£5m no longer needed for Public Health due to increased specific grant; transferred to Transformation Fund (to be used to support overall MTFS at £1m per year over 5 years).

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## **SCRUTINY COMMISSION - 5 NOVEMBER 2014**

### **REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

#### **2014/15 MEDIUM TERM FINANCIAL STRATEGY MONITORING (PERIOD 6)**

##### **Purpose of Report**

1. To provide members with an update on the 2014/15 revenue budget and capital programme monitoring position.

##### **Policy Framework and Previous Decisions**

2. The 2014/15 revenue budget and the capital programme for 2014/15 to 2017/18 were approved by the County Council at its budget meeting on 19 February 2014 as part of the Medium Term Financial Strategy (MTFS). The MTFS is monitored throughout the financial year.

##### **Background**

3. The 2014/15 revenue budget and the 2014/15 to 2017/18 capital programme were approved by the County Council at its budget meeting on 19 February 2014 as part of the Medium Term Financial Strategy.
4. The latest revenue budget monitoring exercise shows a net projected underspend of £6.6m, as summarised in Appendix 1. Details of major variances are set out below
5. The latest capital programme monitoring exercise shows an underspend of £0.1m compared with the updated budget.
6. Paragraph 34 below sets out a proposal to use the projected underspend to continue the voluntary repayment of debt to achieve ongoing revenue savings.
7. The monitoring information contained within this report is based on the pattern of revenue and capital expenditure and income for the first six months of this financial year.

##### **REVENUE BUDGET**

8. The results of the latest revenue budget monitoring exercise are summarised in Appendix 1.

## **Children and Family Services (C&FS)**

### **Dedicated Schools Grant**

9. A net underspend of around £1.24m is currently forecast mainly relating to Early Learning and Childcare and Special Educational Needs. 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.

### **Other Children and Family Services**

10. There is a net forecast overspend of around £50,000 (0.1%). There is a projected overspend on the Placement Budget of £3.18m. This budget pressure refers to those children placed in placements commissioned from the independent sector, principally independent fostering agencies as in-house, and less expensive, provision is currently saturated. This position is similar to the pattern of projections last year and was mitigated by the budget controls that were put in place. This approach will be taken again this year and will be further strengthened by the measures set out below.
11. The Department is taking short and medium term actions to offset the overspend on the Placement budget, including:
  - Management tracking of each child's case to ensure these are progressed in a timely manner;
  - Strengthening the accountability of budget holders;
  - Focused work on a cohort of 22 children's cases that represent an opportunity to reduce their placement costs whilst continuing to provide care that is effective for that child;
  - Focused work on groups of current providers of independent fostering services that are providing placements for groups of children to drive out savings;
  - Recruit additional in house foster carers and consider the use of an external agency to assist, possibly on a payment by results basis;
  - Investigate regional commissioning of placements to drive down costs through the use of a framework contract.
12. In the medium term, following the approval of a new strategic approach by the Cabinet in December 2013, the department is implementing a new Fostering and Adoption recruitment plan with a view to achieving an increased diverse 'bank' of foster carers, and implementation of the placement commissioning strategy ('Choices'), which will establish a deliberate approach to commissioning services for children in the care of the Council that will be more cost effective. Savings have also been identified in other services which have reduced the projected net overspend and the Department is seeking to make further savings to offset the remaining balance during the remainder of the year.

13. The 2014/15 budget includes funding of £3.2m to offset the reduction in Early Intervention Grant and the expansion of the offer of free education for disadvantaged two year olds. The 2013/14 MTFs assumed that the expansion of the two year old offer would be unfunded and made provision accordingly, however additional funding was subsequently received in the 2014/15 Dedicated Schools Grant. At this stage an underspend of £0.8m is reported against this funding, which could increase to £2.1m, following a review in November, when the extent of the two year old take up and its current and future financial impact can be assessed with some level of certainty.

### **Adults and Communities**

14. Growth of £2.5m was included in the 2014/15 budget to mitigate some of the demographic and efficiency shortfall issues materialising in 2013/14. Pressures are continuing into 2014/15 and a net overspend of £3m (2.2%) is currently forecast, albeit with some risks. This position is after uplifting demand budgets by £3m to reflect inflationary pricing pressures.

15. The key forecast overspends are noted below.

- Home care (forecast overspend £1.4m)

Increased levels of demand and above inflationary pricing pressures have seen homecare costs increase by over 5% year on year. Demand pressures are a result of service user's increasing levels of need. Above inflationary pricing pressures are being driven by sector wide issues of capacity shortage and increasing wage costs being experienced by providers, relating to staff travel and other incentives to recruit and retain skilled staff.

- Service user Fairer Charging income (forecast overspend £1.1m)

Service user contributions to the cost of their (community based) care are projected to be 9% lower than budgeted for. This is a sensitive budget that varies depending on the relative level of wealth and ability to pay of service users.

- Residential care home placements (forecast net overspend £0.9m)

Income levels from service users are lower than expected. Further work is being undertaken to establish whether this is a timing variance or a trend of reducing service user income affected by changes in the wider economic environment, such as the tightening of welfare benefits.

- Shortfall in achieving MTFs savings targets (£0.7m)

A shortfall in achieving savings has arisen due to delays in implementing plans for delivery. This is partly linked to the need to undertake public consultation and statutory changes relating to services such as Deprivation of Liberty. The key risks relate to in-house and other service reviews;

libraries and museums and “Limiting service user’s choice of support to the most cost effective option”. Some mitigating savings have been sourced already (short term Communities and Wellbeing and early delivery of the Prevention Review) and the department is looking to identify other areas of savings to compensate for the remaining shortfall.

16. The overspends above are partially offset by underspends in other areas, including:

- Direct Cash payments – an underspend of £0.5m due to tightening of packages for new users;
- HART Reablement - an underspend of up to £0.6m is forecast due to vacancies and additional health funding;
- Implementation of the Prevention Review has resulted in savings being delivered early, exceeding the MTFs target by £0.5m.

17. A number of other actions are being undertaken:

- Increased management controls for higher cost care home placements and high cost home care packages through an immediate change to delegated powers. All higher cost care placements and packages (including those for the highest banding for older people), will be subject to an enhanced level of senior management oversight and control;
- Increased control of care home placements and home care package costs post hospital discharge. Existing arrangements for deciding on care home placements and the size of home care packages following a hospital discharge will be reviewed. This will require careful discussion with NHS partners to ensure a balance between controlling costs and supporting safe and timely discharges;
- A robust approach to claw back of personal budget underspends has been implemented to ensure that any unused cash balances accruing from cash personal budgets are clawed back and ongoing reductions are made in the personal budget allocation. To date £146,000 of savings have been achieved;
- Underspends will be maximised in staffing budgets through continuing vacancy control;
- An independent review of placements and care packages has been commissioned and will be undertaken in November 2014.

### **Public Health**

18. Following the transfer of Public Health budgets from the NHS, a review of contracts has resulted in a number of opportunities to reduce the cost of services procured through scrutiny of transferred commissioned services. This means that a saving of c£1m is likely to be realised in 2014/15 which provides the opportunity to bring forward MTFs savings targets in 2015/16 of £0.5m

rising to £1m in 2016/17. Preventative spend elsewhere in the County Council suitable for substitution will be identified and evaluated through a prioritisation tool to assess its Public Health value compared to other opportunities.

### **Environment and Transportation**

19. The Department is forecast to have a net underspend of £0.21m (0.3%). Overspends on Waste, Special Education Needs transport, Public Bus Services and Social Care transport are offset by underspends on Concessionary Travel, Mainstream School transport and Community transport budgets.

### **Chief Executives**

20. The Department is forecast to have a net underspend of £0.76m (6.6%), mainly relating to New Homes Bonus, the early achievement of savings in Democratic Services, staff vacancies and increased income.

### **Corporate Resources**

21. The Department is forecast to have a net underspend of around £0.48m (1.4%), mainly relating to Traded Services over-performance against targets, staffing underspends and increased income, partly offset by overspends on ICT Architecture Design and Commissioning, property disposal costs and East Midlands Shared Services.

### **Contingencies**

22. A contingency of £4m was made against delays in the achievement of savings. Given the forecast overspend on Adults and Communities, the contingency is shown as an underspend to offset the overspend.
23. A provision of £3m was made for severance/invest to save issues. If the requirement is less during the year, the balance will be transferred to the Transformation earmarked fund to meet costs in future years.
24. A contingency of £6.0m was made for inflation, of which £4.8m has been allocated regarding residential care charge increases, inflation on premises, ICT, street lighting energy, waste budgets and for several other minor items. Pressures are expected on other areas including pay and insurance budgets.
25. The MTFS includes a £1m contingency for business rates income. The contingency is to fund potential shortfalls in business rates income impacting in later years.

### **Central Items**

26. Bank and other interest is forecast to be £0.25m higher than the original budget, due to balances being higher than anticipated

27. An underspend of £0.5m is forecast on the Financing of Capital budget, arising from the voluntary repayment of debt of £8.4m in 2013/14, funded from the net underspend at year end.
28. The Financial Arrangements budget is forecast to underspend by £0.4m, mainly due to the receipt of a rebate on a centralised agency arrangement and lower than budgeted external audit fees. These underspends are partially offset by expenditure of around £52,000 regarding County Council contributions of 75% towards the costs of a review of Single Person Discount cases undertaken by six of the District Councils in conjunction with a third party. This major review revealed over 2,800 individuals were taking advantage of the 25% rebate when they were ineligible. It means that the County Council, District Councils and the Police and Fire authorities will all benefit from extra council tax revenue estimated to be in the region of £900,000. The County Council's share is around £650,000.
29. In 2013/14 the County Council agreed to contribute £125,000 for additional administrative costs and £250,000 towards Discretionary Discount Funds (DDF) to the District Councils, following changes made under the Localisation of Council Tax Support (LCTS) reforms.
30. The results of a monitoring exercise after the first quarter show that there has been a marked increase in claims on the DDF. However, it appears likely that the DDF monies carried forward from 2013/14 (£208,000) will be adequate to fund the DDF requirements in 2014/15 and consequently the £250,000 additional funding in 2014/15 is forecast to be unspent. The scale of DDF required in later years will be reviewed with the Districts in the autumn and reflected in the 2015 MTFS.

### **Business Rates**

31. The Government introduced the Business Rates Retention system from April 2013. The business rates "baseline" ("local share") income which is to be collected during 2014/15 is based on a formal return submitted to the Government by the Districts, and this shows an increase of £0.4m compared with the budget in the current MTFS. Any shortfall in the level of actual 2014/15 business rates income will impact on 2015/16 or later years.
32. Additional Section 31 Grants of £1.36m are anticipated regarding compensation for the loss of business rate income arising from a number of Government policy decisions, including a further extension of the temporary increase in Small Business Rate Relief and the 2% cap on the business rates multiplier in 2014/15, rather than applying the September RPI increase of 3.2%.
33. The County Council is undertaking quarterly monitoring with the District Councils, Leicester City Council and Rutland County Council to assess the position and also to model the possibility of reforming the Leicester and Leicestershire Business Rates Pool in 2015/16. A draft "Expression of Interest" regarding a reformed Pool for 2015/16 has been submitted to the DLCCG but the final decision will not need to be confirmed until January 2015.

### **Revenue Summary / Invest To Save Proposal**

34. A net revenue underspend of £6.6m has been identified. 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. It is proposed to continue this approach and that the potential underspend be used to fund the voluntary repayment of debt, leading to savings in future years of £0.5m per annum on the financing of capital budget. It is worth noting that there could be requests for additional funding for vehicle replacement.

### **CAPITAL PROGRAMME**

35. The table below shows an updated budget of £60m. The change in resources reflects slippage from 2013/14 and additional resources in 2014/15.

	Original Budget £m	Outturn adjustment and Changes in Funding £m	Updated Budget £m	Forecast £m	Updated Budget v Forecast Variance £m
Children & Family Services*	12.4	0.4	12.8	12.8	0.0
Adults and Communities	1.6	0.2	1.8	1.8	0.0
E&T-Transportation	29.3	3.9	33.2	33.3	0.1
E&T-Waste Management	0.6	0.1	0.7	0.7	0.0
Chief Executive's	3.8	0.4	4.2	4.3	0.1
Corporate Resources	2.7	1.0	3.7	3.4	-0.3
Corporate Programme	3.6	0.0	3.6	3.6	0.0
<b>Total</b>	<b>54.0</b>	<b>6.0</b>	<b>60.0</b>	<b>59.9</b>	<b>-0.1</b>

\*Excludes Devolved Formula Capital (DFC)

### **Children and Family Services**

36. The forecast expenditure is in line with the updated budget.

### **Adults and Communities**

37. The forecast expenditure is in line with the updated budget.

### **Environment and Transport – Transportation Programme**

38. The latest forecast shows a net overspend of £0.1m compared with the updated budget.
39. The main areas of overspending relate to £0.2m on “Part 1” compensation payments regarding Earl Shilton bypass, £0.1m under recovery of grant on the Oadby and Wigston Town Centres scheme, £87,000 overspends on Bridges and £50,000 increased costs of works on the Hinckley schemes. These are partly offset by an underspend of £0.22m on the Active & Sustainable Travel budget; there is a saving of £60,000 on Stephenson's Way, Coalville due to lower than anticipated costs, slippage of £50,000 on development work in Maxwell/Francis Drive, Loughborough and savings on a number of other schemes coming under budget.
40. The DfT announced on 24<sup>th</sup> July 2014 one of the two elements of the Local Transport Plan (LTP) capital funding for 2015/16. The Integrated Transport element for 2015/16 is £2.7m, compared with £4.9m included in the provisional 2015/16 capital programme. The County Council is awaiting details of the Maintenance grant element.
41. The County Council has been successful in bidding for five major transport schemes from the Single Local Growth Fund (SLGF), managed by the Leicester, Leicestershire Economic Partnership (LLEP). The schemes total £36.2m over the next three years. Of this, £27.6m will be funded from the SLGF, £1.5m from Leicester City Council and £7.1m matched-funding from the County Council's future LTP funding. The programme of schemes and funding will be included in the 2015 MTFS. The schemes are:
- Leicester North West Major Scheme (£19m)
  - Lubbethorpe Strategic Employment Site Access (£5.1m)
  - Hinckley Phases 2 and 3 (£5.5m)
  - M1 Junction 22 (£3.6m)
  - A42 Junction 13 (£3m)

### **Environment and Transport – Waste Management**

42. The forecast expenditure is in line with the updated budget.

### **Chief Executive's**

43. The latest forecast shows a net acceleration of £0.1m compared with the updated budget. Loughborough Science Park Development will be accelerated by £0.13m from 2015/16 for the first contribution to Loughborough University, which is due when the unconditional contract for the project has been signed. Kegworth Community Centre has been accelerated by £0.1m. Slippage of £0.1m is forecast on the rural capital programme. It is unlikely that Year 3 of the programme (2014/15) will go ahead, as the County Council is supporting other similar grant schemes that are funded via the Regional Growth Fund.

### **Corporate Resources**



44. The latest forecast shows slippage of £0.3m compared with the revised budget. The Property Asset Management System (PAMS) is forecast to underspend by £0.13m including slippage of £68,000 into 2015/16 due to a revised implementation date of September 2015. The Data Quality/Pseudonymisation Software project is forecast to slip (£0.12m) to 2015/16 on the Data and Business Intelligence enabler work which is likely to have a significant influence on the business requirements, so the project is on hold until those requirements have been clarified.

### **Corporate Programme**

45. The forecast expenditure is in line with the updated budget.

### **Capital Receipts**

46. The forecast of total capital receipts in 2014/15 is £5.9m, a reduction of £0.8m from the previous forecast based on the current estimates. The revised position for 2014/15 is:

<b>Summary of capital receipts</b>	<b>£m</b>
Unapplied Capital Receipts b/f from 2013/14	11.0
Forecast 2014/15 Capital Receipts	5.9
<b>Sub Total</b>	<b>16.9</b>
Amount required to fund 2014/15 programme	(8.5)
Earmarked Capital Receipts (for future schemes)	(1.2)
<b>Balance c/fwd to 2015-19 capital programme</b>	<b>7.2</b>

### **Capital Summary**

47. The updated capital programme totals £60m and is forecast to underspend by £0.1m. At this stage it is projected that spending will be 99% of the revised budget. Overall the aim is that 95% of available resources should be spent in year.

### **Recommendation**

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

### **Background Papers**

Report to County Council – 19 February 2014 – Medium Term Financial Strategy 2014/15–2017/18

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=3961&Ver=4>

### **Circulation under the Local Issues Alert Procedure**

None.

**Appendices**

Appendix 1 – Revenue Budget Monitoring Statement  
Appendix 2 – Revenue Budget – Forecast Main Variances  
Appendix 3 – Capital Programme – Forecast Main Variances

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**Equal Opportunities Implications**

No direct implications.

**REVENUE BUDGET MONITORING STATEMENT**  
**FOR THE PERIOD : APRIL 2014 TO SEPTEMBER 2014**

	Updated Budget	Projected Outturn	Difference from Updated Budget		
	£000	£000	£000	%	
<b>Schools Budget</b>					
Delegated	137,394	137,394	0	0.0	
Centrally Managed	58,842	57,602	-1,240	-2.1	
Dedicated Schools Grant (DSG)	-195,549	-195,549	0	0.0	
DSG Reserve (original budget)	-687	-687	0	n/a	
	<u>0</u>	<u>-1,240</u>	<u>-1,240</u>	<u>n/a</u>	GREEN
<b>LA Budget</b>					
Children & Family Services (Other)	61,769	61,819	50	0.1	AMBER
Adults & Communities	136,398	139,438	3,040	2.2	RED
Public Health *	0	-1,000	-1,000	0.0	GREEN
Environment & Transport	78,231	78,021	-210	-0.3	GREEN
Chief Executives	11,521	10,761	-760	-6.6	GREEN
Corporate Resources	34,109	33,629	-480	-1.4	GREEN
DSG (Central Dept recharges)	-922	-922	0	0.0	GREEN
Carbon Reduction Commitment	455	455	0	0.0	GREEN
Corporate Growth & Savings	1,360	1,360	0	0.0	GREEN
Contingency for efficiency savings	4,000	0	-4,000	-100.0	GREEN
Transformation / Severance	3,000	3,000	0	0.0	GREEN
Contingency for inflation	1,221	1,221	0	0.0	GREEN
Contingency for business rates	1,000	1,000	0	0.0	GREEN
Total Services	<u>332,142</u>	<u>328,782</u>	<u>-3,360</u>	<u>-1.0</u>	
<b>Central Items</b>					
Bank & Other Interest	-1,000	-1,250	-250	25.0	GREEN
Financing of Capital	25,170	24,700	-470	-1.9	GREEN
Repayment of Debt / MRP	5,200	5,200	0	0.0	GREEN
Revenue Funding of Capital	4,000	4,000	0	0.0	GREEN
Financial Arrangements etc	50	-340	-390	n/a	GREEN
Members Exps & Support etc.	1,369	1,319	-50	-3.7	GREEN
Provision for future Elections	200	200	0	0.0	GREEN
Flood Defence Levies	273	273	0	0.0	GREEN
Pension Costs	2,000	2,000	0	0.0	GREEN
Council Tax Freeze Grant	-2,440	-2,450	-10	0.4	GREEN
Local Support Services Grant	-650	-650	0	0.0	GREEN
Contribution to Discretionary Discounts & Admin	375	125	-250	-66.7	GREEN
New Homes Bonus Grant	-2,375	-2,375	0	0.0	GREEN
New Homes Bonus - element of top slice returned	-190	-190	0	0.0	GREEN
Education Services Grant	-5,000	-5,000	0	0.0	GREEN
Total Central Items	<u>26,982</u>	<u>25,562</u>	<u>-1,420</u>	<u>-5.3</u>	
Contribution from Earmarked Funds	-3,200	-3,200	0	0.0	GREEN
<b>Total Spending</b>	<u>355,924</u>	<u>351,144</u>	<u>-4,780</u>	<u>-1.3</u>	
<b>Funding</b>					
Revenue Support Grant	-70,763	-70,783	-20	0.0	GREEN
Business Rates - Top Up	-35,756	-35,756	0	0.0	GREEN
Business Rates Baseline	-19,349	-19,759	-410	2.1	GREEN
Small Business Rate relief etc - S31 Grant	0	-1,360	-1,360	n/a	GREEN
Collection Fund net deficit / (surplus)	-2,318	-2,318	0	0.0	GREEN
Council Tax	-224,050	-224,050	0	0.0	GREEN
	<u>-352,236</u>	<u>-354,026</u>	<u>-1,790</u>	<u>0.5</u>	
<b>Net Total</b>	<u>3,688</u>	<u>-2,882</u>	<u>-6,570</u>		

\* Public Health funded by Grant (£21.9m)

'Traffic lights' :

Underspending / on budget  
Overspending of 2% or less  
Overspending of more than 2%

GREEN  
AMBER  
RED

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**Revenue Budget 2014/15 – forecast main variances****Children and Family Services****Dedicated Schools Grant**

A net underspend of £1.24m is forecast. The main variances are:

	£000	% of Budget	
Nursery Education Funding (NEF)	225	1%	The initial count of the Autumn term headcount data indicates that there could be a potential overspend of £225k on this budget. This will be reviewed as the Autumn Term data is finalised.
Early Learning and Childcare	-650	-21%	Demand lower than expected for the new Two Year Old NEF project which is funding 1,000 places for deprived two year olds.
Special Educational Needs	-620	-1%	The underspend relates to contingency funding set aside for the first full year of post 16 high need support and for increased costs relating to the change in the participation age. Many young people prefer to keep their placement options open until exam results are known but early indications allow for part of the contingency to be released. A full reconciliation of leavers will take place at the end of the next monitoring period.
Alternative Provision	-160	-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 overspend of £0.05m (0.1%) is forecast. The main variances are:

	£000	% of Budget	
Placement Budget	3,180	18%	Overspend mainly due to increased need to place children with Independent Fostering Agencies (IFA). This is because, whilst Leicestershire's children in care numbers are well below the national average / statistical neighbours, numbers increased suddenly during Qtr. 4 of the

			financial year 2013/14 as a result of increased national public awareness in the light of national high profile serious case reviews. Although there is an active drive to recruit new in house foster carers, the number of mainstream foster carers over the last 12 months suffered a net decrease mainly as result of carers retiring. This subsequently means that the County Council's in house provision remains saturated. With the increasing demand of specific needs of placements such as baby & mother and sibling group placements, placements are having to be made externally. The majority are being placed in IFA's, which has seen these placements increase by 31% since this point last year.
Safeguarding Assurance	105	7%	Due to capacity issues within the service, agency management cover and additional Independent Review Officer capacity have been agreed for part of the year. This additional budget pressure around staffing is partially offset by expected income to be received during the year, due to more schools converting to Academies and Independents buying training.
Early Intervention Grant	-800	-37%	Underspend at this stage against £3.2m funding, which could increase to £2.1m, following a review in November, when the extent of the two year old take up and its current and future financial impact can be assessed with some level of certainty.
Disabled Children Service	-620	-17%	The service is required to deliver savings in 2015/16 and has taken opportunities to reduce costs as they have arisen, including not allocating uncommitted grant funding to providers.
Specialist Assessment & Response Services	-620	-7%	The underspend is across the three locality areas and is due to management decisions taken to freeze a number of vacant posts/hours across teams.
Targeted Early Help - Children Centres / Youth Service	-400	-3%	Underspend largely due to staff vacancies, and underspends on a number of commissioning projects.
Asylum Seekers	-150	-50%	The number of children supported has decreased significantly in comparison to previous years.
Pupil Referral Unit (PRU) Transport	-130	-47%	Reduced costs arising from establishing Oakfield as Primary provision only and therefore the demand on the PRU

			transport budget will be reduced.
Administration and Committees	-100	-16%	Underspend largely due to vacant posts within the establishment which are unlikely to be filled.
Grants to Voluntary Bodies	-65	-35%	Savings due to ending The Bridge contract mediation service.
School Admissions and Pupil Services	-55	-17%	Increased traded activity.
Therapeutic Social Work	-55	-17%	Agreed reduction in contract price with Family Action for 2014/15.
Heads of Strategy	-50	-7%	Part year vacancies within year.

### **Adults & Communities**

At this stage the Department is forecasting a net overspend of £3.04m (2.2%). The main variances are:

	£000	% of Budget	
Home care	1,390	6%	Increased levels of demand and above inflationary pricing pressures have seen homecare costs increase by over 5% year on year. Demand pressures are a result of service user's increasing levels of need. Above inflationary pricing pressures are being driven by sector wide issues of capacity shortage and increasing wage costs being experienced by providers, relating to staff travel and other incentives to recruit and retain skilled staff.
Service User Fairer Charging Income	1,080	9%	Service user contributions to the costs of their (community based) care are projected to be 9% lower than budget. This is a sensitive budget item that varies depending on the relative level of wealth and ability to pay of service users.
Residential and nursing care	910	2%	Income levels from service users are lower than expected. Further work is being undertaken to establish whether this is a timing variance or a trend of reducing service user income affected by changes in the wider economic environment, such as the tightening of welfare benefits.
Efficiencies and Service Reduction shortfalls	650	n/a	A shortfall in achieving savings has arisen due to delays implementing plans for delivery. This is partly linked to the need to undertake public consultation and other statutory changes relating to services such as Deprivation of Liberty. The key risks relate to in-house and other service

			reviews; libraries and museums and “Limiting service users choice of support to the most cost effective option”. Some mitigating savings have been sourced already (short term Communities and Wellbeing infrastructure savings and Early Intervention and Prevention) and the department is looking to identify other areas of savings to compensate for the remaining shortfall.
Integrated Adult System (IAS) resources	350	6%	Temporary resources are needed to stabilise system, interface, payment and data issues arising from the IAS Social Care and Payments system implementation. This resource is needed short term to ensure continuity of payments to providers; income assessment and collection; and bad debts whilst implementing permanent system change and enhancements to meet statutory requirements and opportunities for future savings through more automated processes.
Community Life Choices	290	4%	Cost pressures are a result of a higher proportion of younger adults with very complex needs. There is also an underspend projected in cash direct payments reflecting less service users migrating from managed day services to direct cash payments than expected.
Deprivation of Liberty (DOLS)	210	49%	Increased “DOLS” assessments and reviews expected following recent legislation changes.
Homecare Assessment & Reablement Team (HART)	-590	11%	Vacancies and health funding have led to this underspend. This also assumes that additional resources ( up to 15 fte homecare assistants) will be recruited to create more reablement capacity which will have a positive impact on service users maintaining their independence longer and a reduced need for ongoing packages (usually home care).
Prevention Review	-475	5%	2015/16 savings target is on track for early delivery to coincide with contract start dates.
Direct Cash payments	-470	2%	Tightening packages for new service users through reducing delegated commissioning powers and cash “clawbacks” of unused cash balances are contributing to this underspend. There is



			also likely to be some overlap with the homecare and community life choices budgets where some service users could be choosing a managed budget instead of the cash equivalent.
Care pathway locality teams	-310	3%	Timing of filling vacancies in locality teams coupled with a temporary delay replacing the Locality Support Development Service team with the new service that supports service users managing their cash payments and Personal Assistants.

### **Environment and Transportation**

At present the Department is forecast a net underspend of £0.21m (0.3%). The main variances are:

	£000	% of Budget	
<b><u>Highways</u></b>			
Staffing & Admin Costs	90	5%	Overspend due to a shortfall in income recoverable against staff time.
<b><u>Transportation</u></b>			
Special Education Needs	250	4%	Overspend due to increasing requirements for solo transport for SEN pupils with high needs.
Public Bus Services	200	6%	A number of overspends including: <ul style="list-style-type: none"> <li>• efficiency savings delayed relating to the review of the supported bus network due to several service revisions (£50k);</li> <li>• a shortfall in funding against operator claims following service reductions (£75k);</li> <li>• additional contract costs from the January 2014 renegotiated contract (£45k).</li> </ul>
Social Care Transport	50	2%	£150k overspend forecast based on previous year's outturn and expenditure to date based on existing contract prices. Partially offset by Hinckley review in July 2014.
Concessionary Travel & Joint Arrangements	-450	-8%	Forecast underspend due to lower usage based on the first 5 months of the financial year and a change in eligibility criteria. Forecast will vary through the year based on any changes in bus fares and weather.
Mainstream School Transport	-290	-5%	Underspend due to reduced demand arising from increased charges, a school arranging their own transport and more commercial options being available at several schools.
Community Transport	-140	-20%	Balance of Baker Fund not to be used as ring fenced for spending on community transport. Fund would be better utilised in 2015/16 and

			a carry forward will be requested.
<b><u>Environment</u></b>			
Landfill	775	12%	Overspend due to additional waste costs; £180k as a result of increased tonnages due to improving economy, £300k due to more commercial waste being handled(although offset by additional income). Balance is due to difficult recycling market conditions, with more rejected material having to go to landfill.
Recycling Credits	100	2%	Overspend based on initial data from the districts and is caused by weather conditions and collections. Forecast will vary significantly through the year as more accurate information becomes available.
Haulage	-350	-34%	Reduced haulage due to use of third party transfer and more use of Syston transfer station.
Recycling & Household Waste Sites	-170	-5%	Lower bonus payable due to reduced recycling and reduced inflationary pressure.
Environmental Management	-130	-88%	Changing priorities linked to delivering the carbon reduction strategy means there is a need to re-distribute the money over the next 3 financial years. This is likely to be a carry forward request.
Waste Management Income	-75	-8%	Additional commercial waste income (£300k) offset by a decrease in income from recyclables due to poor market conditions and reduced income from revised WEEE regulations – no longer being paid on some electrical recyclables.

### **Chief Executives**

An underspend of around £0.76m (6.6%) is forecast. The main variances are:

	£000	% of Budget	
Coroners	70	9%	The overspend relates to the South Leicestershire Coronial Service which is run by Leicester City Council on the County's behalf. The 2013/14 charge was significantly more than forecasted and accrued for, due to a rise in the number of cases and complexity of those cases.
New Homes Bonus	-240	-48%	Cabinet in July approved an allocation of £260k towards an Extracare Scheme in Derby Road, Loughborough. There are no further schemes that are at an advanced enough stage in their development to warrant LCC to award funding. The remaining budget

			will therefore remain unspent in 2014/15 and may be the subject of a carry forward request.
Democratic Services	-175	-13%	£120k of this saving relates to the early achievement of efficiency savings which were expected in later financial years. There is also an underspend relating to staff vacancies in the new staff structure.
Strategic, Partnerships & Communities	-120	-2%	Underspend mainly relates to staff vacancies which have been left unfilled pending a staff review of the whole service expected to commence towards the end of 2014/15.
Trading Standards	-110	-7%	A number of underspends including: <ul style="list-style-type: none"> <li>• staff turnover -recruitment has been delayed due to the need to make efficiency savings in the future (£50k);</li> <li>• underspend on legal costs in relation to a Crown Court trial (£50k);</li> <li>• running costs in particular the cost of Analyst Costs (£70k).</li> </ul> These are partly offset by overspends of £60k, mainly increased agency spend.
Registrars	-60	n/a	Increased income due to more residents using Registrars Services.
Legal	-50	-3%	Staff vacancies and additional income.

### Corporate Resources

An underspend of around £0.48m (1.4%) is forecast. The main variances are:

	£000	% of Budget	
ICT - Architecture Design & Commissioning	340	35%	Overspend due to acceleration of various projects prior to the commencement of Transformation programme work. Additional spend on various projects including: Information & Technology Enabler, Public Sector Network Code of Connection compliance, C&FS systems, Oracle Policy Automation.
Property Disposals	200	80%	Overspend forecast based on an increased anticipated level of capital receipts.
East Midlands Shared Services – County Council contribution	100	8%	LCC £100k forecast overspend based on latest EMSS monitoring report from NCC (overall EMSS forecast overspend is £200k). Overspend mainly due to staffing as transition staff are still in post. Originally it was planned that transition staff would not be employed during 2014/15.
Traded Services	-450	n/a	An overall underspend on traded services is expected due to increased traded

			activity/income.
Operational ICT	-100	-1%	Staff turnover savings.
Operational Property	-70	-3%	Increased income from Facility Management contracts offset by costs incurred on properties held vacant for future use or disposal.
Corporate Health & Safety	-85	-17%	Staff turnover savings (£68k) and additional income from Academies (£17k).
Learning & Development - General	-85	-5%	A number of posts are being held vacant, pending a review next year.
Learning & Development – Management Development	-60	-42%	Underspend due to Institute of Leadership and Management in-house delivery taking longer than anticipated to go through the accreditation process. Also, next stage of Leading For High Performance is on hold awaiting the outcome of the People & Organisational Development Enabler.

**APPENDIX 3****Capital Budget – Revised budget and forecast main variances****Identified Variances**

The significant variances on schemes at period 6 are:

<b>Department</b>	<b>Reasons</b>	<b>£000</b>
A&C – Coalville Library	Acceleration of Libraries configuration of space scheme, to tie in with Property Services Energy improvement works taking place in 2014/15 at the site to minimise disruption.	60
E&T – Major Schemes	Part 1 claims relating to compensation payments at Earl Shilton bypass (reduction in value of properties).	203
E&T Transportation-Integrated Transport Schemes – Active & Sustainable Travel	Underspend of £60k on Stephenson's Way, Coalville due to lower than anticipated costs and various other schemes coming under budget (£100k). There is also slippage of £50k on development work in Maxwell/Francis Drive, Loughborough.	-217
E&T Transportation - Bridges	Overspend on Soar Valley Way scheme due to increase in scope of works needed to be carried out under contra-flow £115k. There is also a net overspend of £31k on a number of smaller schemes. Partially offset by slippage on Bloods Hill, Kirby Muxloe (£59k) due to road conditions meaning that work cannot be carried out until summer 2015.	87
E&T – Oadby & Wigston Town Centres	Certain costs of the scheme cannot be recovered against the ERDF grant as originally anticipated due to the very restrictive grant audit – for example any costs of utilising the Council's own plant/vehicles cannot be recovered.	100
E&T – Hinckley Schemes	Increased cost of work from original estimate.	50
E&T – Waste Management	Slippage on Coalville transfer station while awaiting planning permission to be granted and a review of the business case.	-50
Chief Executives – Rural Capital Scheme	It is unlikely that Year 3 of the programme (2014/15) will go ahead, as the County Council are supporting other similar grant schemes that are funded via the Regional Growth Fund.	-104
Chief Executives – Loughborough Science Park	Acceleration from 2015/16; first contribution to Loughborough University is due in November once unconditional contract for the project has been signed.	125
Chief Executives – Kegworth Community Centre	Acceleration of £95k from 2015/16 as work is progressing quicker than anticipated.	95
Corporate Resources –	Forecast underspend includes slippage of £68k into	-132

<b>Department</b>	<b>Reasons</b>	<b>£000</b>
PAMS (previously PMIS)	2015/16; implementation date has slipped to September 2015. Remaining £63k may now not be required.	
Corporate Resources – Data Quality/Pseudonymisation Software	The scheme is forecast to slip into 2015/16. The Data and Business Intelligence enabler work is likely to have a significant influence on the business requirements, so the project is on hold until those requirements have been clarified.	-120

### **Capital Programme – Changes in Funding**

Changes in funding of the capital programme 2014/15:

<b>Department</b>	<b>Reasons</b>	<b>£000</b>
Outturn Adjustments	2013/14 Outturn adjustment: <ul style="list-style-type: none"> <li>• C&amp;FS - £0.40m</li> <li>• A&amp;C – £0.22m</li> <li>• E&amp;T Waste Management - £0.08m</li> <li>• Corporate Resources - £0.45m</li> <li>• Chief Execs - £0.39m</li> </ul>	1,538
A&C	Adaptations Vehicle – Renewals reserve	20
E&T - Transportation	Wheels to Work – Economic Growth Development reserve	29
E&T - Transportation	Active & Sustainable Travel – S.106 contributions unapplied	166
E&T - Transportation	Footways – S.106 contributions unapplied	158
E&T - Transportation	Street Lights/Traffic signs part lighting – S.106 contributions unapplied	344
E&T - Transportation	Bridge Maintenance – S.106 contributions unapplied	174
E&T - Transportation	Pinch Point/Park & Ride – S.106 contributions unapplied	136
E&T - Transportation	Bus Corridors/Advance Design – S.106 contributions unapplied	30
E&T - Transportation	Area Office Accommodation – S.106 contributions unapplied	247
E&T - Transportation	Patching/carriageway surfacing, joint sealing and other general maintenance works that will ultimately result in there being fewer potholes in the county – Pothole Grant funding from Department for Transport	2,639
Corporate Resources	County Farms Estate lease acquisition to enable future potential sale - funded from capital receipts.	585
<b>Total</b>		<b>6,066</b>



## **SCRUTINY COMMISSION – 5 NOVEMBER 2014**

### **LEICESTERSHIRE COUNTY COUNCIL ANNUAL PERFORMANCE REPORT 2014**

#### **REPORT OF THE CHIEF EXECUTIVE**

##### **Purpose of Report**

1. The purpose of this report is to present the draft Annual Performance Report for 2014. The views of the Scrutiny Commission are sought on the Annual Report, prior to submission to the Cabinet on 19 November and full County Council on 3 December 2014.

##### **Policy Framework and Previous Decisions**

2. The Annual Performance Report forms part of the County Council's Policy Framework. The information outlined in the year end performance report will help the County Council and its partners to improve services so they are of a high quality and give value for money by providing performance data on which it can make more informed decisions.

##### **Background**

3. It is best practice in performance management to undertake a review of overall progress on key performance areas at the end of the year and to benchmark performance against comparable authorities. It is good practice to produce a good quality annual performance report and ensure that it is scrutinised, transparent and made publicly available.
4. The Annual Performance Report (Appendix 1) covers the performance of the County Council over the last 12 months or so. It draws largely on 2013/14 comparative data though older data is included where more up to date information is not available. In some cases the data is more recent, such as the summer 2014 school examination results.
5. The Report is in two parts – the first part is narrative describing delivery, progress with implementing agreed plans and strategies and achievements over the last 12 months. It largely focuses on performance against the priorities of the County Council as set out in the new Strategic Plan and other main service strategies.
6. The second part contains hard comparative performance data showing current service and theme performance. Comparative data is sourced from

a range of acknowledged data sources including the Local Government Association LG Inform national data system, Public Health and Adults Social Care Outcomes Frameworks data, OFSTED and Department for Education data sets and Chartered Institute of Public Finance and Accountancy (CIPFA) data. There is some comparative data still to be published - notably some attainment and children's social care data.

7. The report is presented as a draft document, and will continue to be improved to incorporate points made by the Scrutiny Commission and Cabinet (19 November) as well as the availability of any final national comparative data, prior to finalisation at full County Council on 3 December. The final Annual Report will be properly formatted and published online via the County Council (<http://www.leics.gov.uk>) website.
8. Overall analysis of the narrative shows strong examples of delivery across the theme areas. There are good plans and governance in place supporting delivery and improvement. Overall provisional analysis of the available comparative performance data shows that Leicestershire is the top performing county in the region and continues to be amongst the highest performing counties nationally. There has been improvement on a significant number of priority indicators and a good number are in the top quartile for performance.
9. Leicestershire has a range of areas of top quartile performance including Council efficiency; the approach to equality and diversity; highway maintenance and condition; minimal numbers of young people not in education employment or training (NEETs); feelings of safety among users of our adult social care services; many aspects of public health, many aspects of children and young people's health; timeliness and number of adoptions; and support for vulnerable families with complex needs. Other areas of strong relative performance include waste management and recycling; sport and physical activity; aspects of educational attainment; youth justice; and community cohesion.
10. Particular areas of improved performance over the past year include the following:
  - **Leadership and Transformation:** resident perceptions regarding the value for money provided by the County Council; the Council's Stonewall Workplace Equality Index ranking; and the number of volunteer enquiries and conversions.
  - **Enabling Economic Growth:** the unemployment rate, which fell from 2% to 1.2% over the year to June 2014 and other economy indicators; skill levels; tourist visitor numbers and contribution to the local economy; new housing delivery; and the proportion of the population with access to high speed broadband.
  - **Better Care - Health and Social Care Integration:** many aspects of public health are top quartile and/or improved including health



inequalities, mortality rates for cardio-vascular disease, cancer and respiratory disease, non-opiate drug treatment, and sports participation; the number of care home providers exceeding the “standard quality” of service outlined in the Quality Assessment Framework also increased.

- **Supporting Children and Families:** children’s participation in sport and physical activity; children in care waiting less than 20 months for adoption; aspects of educational attainment including early years attainment and progress between key stages 1 and 2; teenage pregnancy and Children’s Centres OFSTED inspection ratings.
- **Safer Communities and a Better Environment/Place:** the number of first time entrants to the youth justice system almost halved compared to the previous year; all indicators linked to minimising antisocial behaviour have shown improvements; and numbers killed and seriously injured on Leicestershire’s roads continue to fall. Good progress has also been on improving the Authority’s environmental performance.

11. A small number of areas require a continued delivery focus, though these are already covered within existing organisational improvement plans -

- **Leadership and Transformation:** working days lost to sickness absence following previous good performance has slipped back to the English local authority average. Analysis is underway to identify trends, patterns of absence and possible causes, while sickness absence management processes are being reinforced. In addition, continuing the pace of change in relation to organisational transformation, digital delivery and website enhancements is a priority.
- **Better Care - Health and Social Care Integration:** continuing the pace of work around securing outcome improvements from greater health and social care integration and the Better Care Fund including mitigating pressures on the acute sector and preventative adult social care services. Continuing efforts to minimise negative public health trends such as those relating to obesity and child tooth decay, and ensure mental health services are high performing.
- **Supporting Children and Families:** bringing through the improved educational attainment of children in care at Key Stage 2 to Key Stage 4 and continuing improvements in educational performance in collaboration with the Leicestershire Educational Excellence Partnership.
- **Safer Communities and a Better Environment/Place:** total crime, domestic burglary and vehicle crime increased slightly from last year, albeit from a low base following a number of years of reducing crime levels.

**Resource Implications**

12. The report has no direct resource implications. The Strategic Plan delivery and areas for improvement are aligned with the existing Medium Term Financial Strategy.

**Timetable for Decisions**

13. The Cabinet will be updated with the views of the Scrutiny Commission at its meeting on 19 November. The Annual Report is scheduled for consideration by the County Council at its meeting on 3 December.

**Background Papers**

Leicestershire County Council Strategic Plan 2014-18

**Circulation under Local Issues Alert Procedure**

None

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**Appendices**

Appendix 1- Draft Leicestershire County Council Annual Performance Report 2014 (incorporating the narrative Report and Performance Data Dashboards).

**Relevant Impact Assessments:****Equal Opportunities Implications**

14. The Annual Performance Report incorporates progress of the County Council against key equalities commitments and indicators.

**Crime and Disorder Implications**

15. The Performance Report highlights progress against key community safety priorities and targets.

Environmental Impact

16. The Performance Report includes progress against a number of environmental priority areas and reports progress against the Environment Strategy.

Partnership Working and associated issues

17. The Performance Report considers progress in relation to the key priorities of key County partnerships.

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# Leading Leicestershire: Transforming Public Services

Leicestershire County Council  
Annual Performance Report 2014



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### PART B - Performance Data Dashboards

## **Introduction and Overall Performance Summary**

Local government is facing major challenges. We have been given the most difficult funding position since World War II, with significant reductions now needed in our spending, due to government plans for national budget deficit reduction. Our revenue support grant from government fell by 20% over 2012/13 and 2013/14 with a further 11% fall in 2014/15. Over the next four years we expect a further significant reduction in funding of around 35%. There is also increasing demand on a range of services, including from our ageing population.

In Spring 2014, following widespread public consultation, the County Council agreed three major strategies in response to these challenges: a new Strategic Plan to 2018 setting out our priorities and targets for service delivery and improvement; a revised three year Medium Term Financial Strategy to support delivery of the Strategic Plan and achieve the savings required; and a major new Transformation Plan setting out the programmes and projects that will be necessary to reshape the Council and services.

The Strategic Plan sets out 69 priority areas with supporting performance measures and targets across 5 key themes – leadership and transformation, enabling economic growth, better care through health and social care integration, supporting children and families, and safer communities – a better environment and place.

Whilst implementation of the Strategic Plan and supporting Transformation Plan are still in their relatively early stages this Annual Report sets out our progress to date in mobilising delivery together with other improvements to services over the last 12 months.

### **Performance Summary**

Overall analysis of the narrative shows strong examples of delivery across the theme areas. There are good plans and governance in place supporting delivery and improvement. Overall provisional analysis of the available comparative performance data shows that Leicestershire is the top performing county in the region and continues to be amongst the highest performing counties nationally. There has been improvement on a significant number of priority indicators and a good number are in the top quartile for performance.

Leicestershire has a range of areas of top quartile performance including Council efficiency; our approach to equality and diversity; highway maintenance and condition; minimal numbers of young people not in education employment or training (NEETs); feelings of safety among users of our adult social care services; many aspects of public health, many aspects of children and young people's health; timeliness and number of adoptions; and support for vulnerable families with complex needs. Other areas of strong relative performance include waste management and recycling; sport and physical activity; aspects of educational attainment; youth justice; and community cohesion.

Particular areas of improved performance over the past year include - **Leadership and Transformation:** resident perceptions regarding the value for money provided by the County Council; the Council's Stonewall Workplace Equality Index ranking; and the number of volunteer enquiries and conversions. In relation to **Enabling Economic Growth:** the unemployment rate, which fell from 2% to 1.2% over the year to June 2014 and other economy indicators; skill levels; tourist visitor numbers and contribution to the local economy; new housing delivery; and the proportion of the population with access to high speed broadband.

**Better Care - Health and Social Care Integration:** many aspects of public health are top quartile and/or improved including health inequalities, mortality rates for Cardiovascular Disease, cancer and respiratory disease, non-opiate drug treatment, and sports participation; the number of care home providers exceeding the "standard quality" of service outlined in the Quality Assessment Framework also increased. For **Supporting Children and Families:** children's participation in sport and physical activity; children in care waiting less than 20 months for adoption; aspects of educational attainment including early years attainment and progress between key stages 1 and 2; teenage pregnancy and Children's Centres OFSTED inspection ratings.

**Safer Communities and a Better Environment/Place:** the number of first time entrants to the youth justice system almost halved compared to the previous year; all indicators linked to minimising antisocial behaviour have shown improvements; and numbers killed and seriously injured on Leicestershire's roads continue to fall. Good progress has also been on improving the authorities' environmental performance.

A small number of areas require a continued delivery focus, though these are already covered within existing organisational improvement plans. For **Leadership and Transformation:** working days lost to sickness absence following previous good performance has slipped back to the English local authority average. Sickness absence management processes are being reinforced. **Better Care - Health and Social Care Integration:** continuing the pace of work around securing outcome improvements from greater health and social care integration and the Better Care Fund including mitigating pressures on the acute sector and preventative adult social care services. Continuing efforts to minimise public health trends such as relating to obesity and child tooth decay, and ensuring mental health services are high performing.

For **Supporting Children and Families:** bringing through the improved educational attainment of children in care at Key Stage 2 to Key Stage 4 and continuing the improvements in educational performance in collaboration with the Leicestershire Educational Excellence Partnership. **Safer Communities and a Better Environment/Place:** total crime, domestic burglary and vehicle crime increased slightly from last year, albeit from a low base following a number of years of reducing crime levels.



## **Leadership and Transformation**

Our new Vision for Transformation and Transformation Plan were agreed in May 2014 and set out how we are transforming public services to meet the funding gap and improve outcomes for residents. The vision includes five broad transformation objectives – to work the Leicestershire pound to reduce the cost of services and maximise funding; to manage demand through prevention to reduce pressures on front line services; to integrate with partners to provide a better experience for people through joined-up services and pooled budgets; to recognise communities and individuals and to support active communities; and to work effectively through a culture that focuses on priorities, people and outcomes.

The **Transformation Plan**, led by our Transformation Board and being implemented by a new Transformation Unit, is comprised of 24 major service projects and 6 corporate enabler projects to support the transformation and wider changes in the Council. The 6 corporate enablers are now progressing with improvements in relation to Customers and Communities, Effective Commissioning, People and Organisational Development, Data and Business Intelligence, Information and Technology, and Property and Asset Management. The Transformation Programme is progressing different delivery models, looking at how customers access our services and how effectively we commission services, and in some cases considering if we need to stop delivering certain services and do different things instead. The involvement of the community and service users is key and we are ensuring that there is appropriate consultation and engagement in relation to possible changes. Further details are set out in the sections below.

**Communities Strategy** - in order to ensure that service delivery is embedded in partnership work with communities we have set out a fresh approach to support this in our new Communities Strategy. The Strategy sets out how we will help people and communities to support themselves and vulnerable people; work with communities to design and deliver services in a way which increases the ability of community groups to get involved in delivery; and develop the voluntary and community sector as an effective provider of services. As part of the approach we have launched a new £420K Community Grants Programme. The new programme comprises two grant schemes – the £260K SHIRE Community Solutions Grant scheme for grants up to £10,000 focusing on early intervention and prevention for the young, vulnerable and elderly – and the £160K Your SHIRE Community Grant scheme for grants up to £2,500 to smaller groups and charities to help them develop their activities and start new community services. Our Social Enterprise Grant Fund also provides support for social enterprise development across the county. The scheme supports existing and emerging social enterprises with small grants, with a focus on vulnerable groups such as people with disabilities, older people, and worklessness. Twenty one projects were funded during 2013/14.

The new Grants Programme replaces the previous Community Forum Budgets and Big Society Grants and more clearly targets funding to support local priorities. In 2013/14, 174 community projects were awarded grants from the Community Forum Budgets scheme, with 1,500 people involved in deciding how the funds were allocated at the 25 decision nights. In addition Big Society Grant Fund allocations were awarded to 77 projects. The projects have improved a number of areas

including supporting the development of youth, sports and community facilities as well as neighbourhood plan development across the County.

Support for volunteering saw over 5,000 volunteer enquiries dealt with by Voluntary Action Leicestershire in 2013/14 via our infrastructure support contract, with 46% of those going on to volunteer. 77 groups were supported with training on volunteer recruitment and management and 692 groups were also supported with a range of activities including on winning tenders for service delivery and obtaining funding. Voluntary groups secured over £1m in grants during the year. We also continue to pilot innovative schemes to encourage volunteering such as the time-banking schemes in Coalville and Lutterworth which encourage residents to exchange services using units of time to help get things done in individual homes and communities.

**Customer Services** - our Customer Services were re-accredited in March 2014 with the Customer Service Excellence Standard. As part of the approach an independent telephone survey of customers of our Customer Service Centre (CSC) was undertaken and found that 81% of respondents were satisfied with the overall service. The survey recommendations are being used to further improve the service. A new set of Customer Service Standards have been implemented and a new customer insight system (Cmetrix) installed to provide robust customer perception data linked to the Standards.

During 2013/14, complaints recording and reporting were further improved with 271 corporate complaints reported and assessed, up from 234 the previous year. Complaint response times were maintained, with 82% receiving a response within 10 days. Commendations continued to rise with 128 recorded (excluding Social Care) compared to 103 in 2013. Flooding and drainage-related complaints featured prominently during 2013 with 29 complaints. Following a number of improvements the volume of complaints dropped to 7 during 2013/14 and 3 commendations were received about the service. Keeping customers updated remains an area for improvement and is now a commitment within our Customer Service Standards. Better customer service is underpinned by effective customer information. During 2013/14 we were chosen to host a pioneering new national Centre of Excellence to help share information. The Centre will help councils, government departments, police, health agencies and others to work together to share appropriate information in a safe, seamless way.

**Digital Delivery** – our Systems and Technology enabler project is providing the information and technology infrastructure, solutions and services needed to support Council and service transformation. It is putting in place the foundations for the information and technology solutions that we will need over the next 3 – 5 years to deliver effective, value for money, flexible and scalable IT services. As part of our IT support approach our ICT Service Desk has been awarded the coveted four star accreditation for the second year running by the Service Desk Institute (SDI). Digital delivery is a key part of our strategy. Our website is currently rated 2 stars out of 4 and we have therefore commenced a major project to redevelop and re-launch the site to improve usability and widen the range of online services. Using low-cost, digital and social media has continued to be a focus during the year. The number of people we are reaching via our main social media channel, Twitter, has increased by

81% year-on-year and our combined reach via social media is now approximately 21,000 people. Since 2009, the proportion of people who feel well informed about local public services has increased by 33% to 73.5%. Enhanced digital delivery requires new innovative ideas and hi-tech creative ideas to help vulnerable people have therefore been developed in our partnership with De Montfort University. The 48-hour hackathon brought programmers together to generate new ideas to improve the lives of older and vulnerable people in the county – including ‘apps’ to help people with dementia, help care workers to monitor service users and support transport applications for voluntary groups.

**Strategic Commissioning and Procurement** - a new Commissioning and Procurement Strategy is in preparation through our Effective Commissioning enabler project. It will set out how our commissioning and procurement approaches are being improved to support the wider transformation of services and the Council, improve outcomes and deliver better value for taxpayers. To support better commissioning we are implementing new commissioning structures and enhanced commissioning support services; our aims being to better understand needs and demand and enhance our commissioning evidence base, challenge existing service delivery, and improve our commercial approach, contract performance management and delivery. During 2013/14, £7.4m procurement savings were achieved and approximately 52% of our procurement expenditure was with small and medium size enterprises.

**Asset Rationalisation and Utilisation** - we have agreed a new Asset Management Plan to make the most of our property portfolio including selling surplus properties. We are aiming to raise £13m over the next three years from land and building disposals. We have already saved £700k a year by having fewer but better offices and sharing buildings. In February adult and children’s social care services moved into The Symington Building in Market Harborough, which also includes a museum, library, and register office within the District Council’s refurbished office base. We also share buildings with Melton and Hinckley and Bosworth Borough Councils. Just under £15m was generated from the sale of surplus properties during 2013/14.

The cost of energy including environmental levies and water represents 40% of the running costs of our estate. We have therefore agreed a new Property Energy Strategy paving the way for new investment in energy efficiency. The Strategy aims to save £400k per year by reducing the circa £2.3m we pay for energy and carbon levy by 24% by 2017. This will be achieved by investing over £4m to introduce energy efficiency measures and renewable energy technologies including solar power and biomass heating, manage heating and cooling systems to deliver appropriate temperatures, and appointment of dedicated energy staff. The work will also include improvements to windows, lighting and the way buildings are occupied.

**People and Organisational Development** - our People Strategy sets out our vision for our workforce and the key actions we are taking to meet our human resources and wider objectives. The Strategy focuses on supporting the Council's Strategic Plan and Transformation Programme. Key activities include developing our leadership capability and capacity; managing and sustaining high staff performance; targeted learning and development; employee engagement and recognition with a clear employment deal; employee health and wellbeing; and equality of opportunity for all. Our People and Organisation Development enabler project is working to

ensure that the Council has the right staff, with the right skills, working in the right way. Three key themes of facilitating individual, team and organisational development; developing our culture and behaviours to enable transformation; and developing flexible, adaptive ways of working form the enabler workstreams and will support the Council in achieving transformation.

During the period of transformation the People Strategy is addressing the challenges arising from major change such as improving absence management, which was top quartile performance but has recently slipped back to average, supporting the health and wellbeing of employees, workforce planning, innovation and performance improvement and supporting the organisational redesign and restructure projects taking place. This work will build upon achievements to date, including the implementation of Mental Health First Aid and its positive impact on managers and staff; Leading for High Performance and the focus upon leadership during significant transformation and change; proactively undertaking Health and Safety audits across the Council; and our award for the Management of Health and Safety.

**Equalities and Diversity** - we are working hard to embed good human rights practice and to link this with equalities considerations. We continue to assess the impact of changes in policy and service on the diverse population of the County through Equality and Human Rights Impact Assessments. These have resulted in improvements across a range of services. For example robust equalities monitoring has been used to identify six groups for further work to ensure they represent the diverse people of Leicestershire and support reducing inequalities in health and social care. We launched our commitment to the British Sign Language Charter in November 2013 to promote better access to public services for deaf communities. We also continue to work with the British Deaf Association and other deaf organisations to achieve better outcomes for deaf people and their communities. We continue to host quarterly meetings of the Interfaith Forum, tackling subjects such as 'Faith and Education'. The forum continues to create opportunities to foster good relations between different groups and builds on the areas reputation for good race relations practice.

We continue to work towards achieving a workforce that is representative of the communities of Leicestershire. Initiatives include our Spring Forward programme provided as a form of positive action to support female members of staff. In 2014 the % of our senior female staff increased to 53.6%. We were also placed 11th in Stonewall's list of the best employers for lesbian, gay and bisexual staff. The Council has climbed the ranking for the fifth consecutive year, moving from 166th in 2009. Our workers' group for lesbian, gay, bisexual and transgender staff has also been named workers' group of the year. The two accolades recognise the value we place on diversity and in delivering services which meet the needs of all residents.

**Scrutinising Local Services** - in order to ensure better outcomes and value for local people, our Scrutiny Commission and Committees have been actively involved in a number of major reviews in 2013/14 including:

Supporting Children and Families – influencing home to school transport policy to include a new measure of free transport provision to the “nearest suitable Leicestershire school” addressing concerns from parents and stakeholders.

Assessing how the Council is supporting a new approach to ensuring high standards in schools through the Leicestershire Education Excellence Partnership. Reviewing bodies monitoring child protection, child welfare and wellbeing and ensuring new arrangements to improve governance and oversight of children's social care.

Better Health and Care – welcoming plans to move services out of University Hospitals of Leicester (UHL) hospitals and into community hospitals and other community settings, recognising the difficulty UHL has had in seeing people attending A&E within four hours and supporting UHL in its efforts to improve facilities. Undertaking follow up visits to the Leicestershire Partnership Trust mental ill health Bradgate Unit to assess the improvements made to patient care. Supporting the Council's work to develop extra care housing, but highlighting where progress in extending schemes could be improved. Focusing on how home care services can be improved by better commissioning of contracts with care providers to provide more cost effective solutions.

Environment and Transport – examining the Loughborough Town Centre Bus Trials to ensure a pedestrianised zone; influencing changes to Bus Policy to deliver savings whilst ensuring continuation of services for some bus users; and influencing proposals on opening times at recycling and household waste sites.

**Value for Money and Efficiency** - the County Council is low funded, receiving £56 (23%) per head less than the average County Council and our budget per head of population is the lowest of all counties. On average other comparable county councils spend £81 (15%) more per head of population. We are also facing increases in expenditure because of the need to provide care to the increasing number of older and vulnerable people and for disposing of waste in more environmentally friendly ways. For 2014/15 we were able to find an extra £21m to meet demand pressures in adult social care and £2.7m to meet cost pressures in waste disposal.

In February 2014 as a result of our efforts to achieve efficiency savings and with the help of a £2.4m grant from the government we were able to freeze Council Tax levels for the 4th consecutive year. Our efforts mean that increasing numbers of residents are recognising the value for money that the Council provides. The percentage of residents who feel the Council offers value for money has increased by 30% to 61.2% over recent years, higher than the national average.

Following our pressure over a number of years for the Government to deliver fairer funding for Leicestershire schools the Department for Education announced in March that Leicestershire will benefit from an additional £20m in school funding in 2015/16. This is welcomed by both the County Council and schools alike. However we continue to campaign for fairer funding to be built into the new national funding formula. We will also continue to campaign for Leicestershire to receive a fairer overall funding settlement across our services.



## **Enabling Economic Growth**

Ensuring that we have a thriving economy underpinned by good infrastructure that creates jobs and prosperity is one of our top priorities. A strong economy enables local businesses to grow and local people to improve their standards of living. Economic growth also provides opportunities for those furthest from the labour market to secure employment and can reduce demand for state benefits and public services. The Leicester and Leicestershire Enterprise Partnership's (LLEP) Strategic Economic Plan 2014-20 (SEP), outlines the framework for our Growth Deal and City Deal, agreed earlier this year with the government and the European Structural and Investment Funds Strategy 2014-20 (ESIF).

The Growth Deal provides access to £28m in 2015/16 and a further indicative £52m between 2016 and 2020. Programmes will unlock key development sites, improve transport connectivity, improve broadband access, and invest in further education and skills training provision. The City Deal allows the County and City to access £16m of funding. Key projects include a new Advanced Technology Innovation Centre and associated infrastructure at Loughborough University Science and Enterprise Parks, employment schemes for under 25s and those furthest from the labour market and a range of innovative business support programmes. The European Structural and Investment Funds (ESIF) are expected to provide £111m of funding in the years to 2020, including £3m through the European Agricultural Fund for Rural Development.

## **Building the Infrastructure for Growth**

We are preparing a new Enabling Growth Plan which will set out our proposed activity and investment to support the local economy. It will support delivery of the economic priorities in the Council's Strategic Plan and the SEP. The Plan will be structured around the three key themes of Place, People and Business and set out activity and investment to support economic growth and employment.

**Employment Land/Development Sites** – five Growth Areas identified in the SEP are the focus of large scale infrastructure provision and new development. These are the Leicester Urban Area, the East Midlands Enterprise Gateway area, Loughborough, the Coalville Growth Corridor and South West Leicestershire. Within these are transformational projects which will achieve significant wider economic impact. These are Loughborough University Science and Enterprise Parks (LUSEP), the MIRA Technology Park Enterprise Zone and the East Midlands Gateway Strategic Rail Freight Interchange. Within these projects a range of activity is being supported including access improvements, land acquisition and site assembly, and loans, grants and gap funding to stimulate private sector investment to unlock the economic opportunities these sites offer.

We have committed £1.5m to support expansion of LUSEP, of which £450K has been provided as part of the City Deal to deliver an Advanced Technology Innovation Centre. Completion of this scheme is anticipated in July 2015 and consideration is being given to the further expansion of LUSEP. MIRA Technology Park Enterprise Zone will create over 2,000 direct high value jobs and support over 3,000 indirect jobs. It is recognised as one of the most successful Enterprise Zones in the country and has already created over 250 jobs and attracted significant foreign direct investment. The

East Midlands Gateway Strategic Rail Freight Interchange has the potential to create 6,000 jobs.

**Broadband Connectivity** - the £18.6m Superfast Leicestershire programme will increase the number of premises with superfast broadband access from 75% to 94.8%, equating to around 62,000 additional premises. 3,400 additional premises have been provided with super-fast broadband access to date, with the full rollout due for completion within 2 years. We are exploring a range of solutions to secure 100% superfast coverage across the County and a significant part of this will be roll out of a Superfast Extension Programme. The Council has committed a further £2m to support the Extension Programme and also secured and underwritten Government funding for the scheme. The first community to benefit from the Superfast Leicestershire Programme rollout was Cossington, where, in July 2014, school children organised a link up with America to celebrate the availability of the new service.

**Housing Growth** - 2,369 additional homes were completed across Leicestershire during 2013/14, which was a significant increase on the 1,888 completed the previous year. Helping people to buy their first home is crucial in achieving and maintaining a sustainable housing market. With this in mind, our £8.4m scheme to help homebuyers in conjunction with Lloyds Bank has supported 360 first-time buyers' to purchase properties, with a total value of £42m. The scheme enabled low cost loans to first-time buyers with a deposit of just 5%. We will get our investment back, with interest, in five years' time.

**Affordable Housing** - 539 affordable homes were delivered during 2013/14, which was significantly higher than the 386 delivered the previous year. In collaboration through the Leicestershire Rural Housing Group we have procured a Rural Affordable Housing Partner to plan housing needs and develop a pipeline of projects and funds for future development of affordable homes. Since 2010 we have delivered 117 homes in 15 villages with 2 more schemes currently on site. In October 2013, 4 affordable homes were completed in Elmesthorpe and in November we agreed a contribution to 13 affordable bungalows in Blaby and 4 affordable houses in Blackfordby.

### **Business Growth and Business Support**

**Business Advice and Finance** - through the City Deal and Regional Growth Fund investment the LLEP has secured funding for a new Business Growth Hub to provide business development advice and support, and grant funding for local businesses, including small and medium size enterprises. We are working with the LLEP to ensure the Hub meets the needs of county businesses, including those in rural areas. The Better Business for All Partnership between businesses and regulators has continued to cut red tape for businesses and improve business growth. Businesses are finding less call on their time by regulators because of the success of a pilot project allowing regulators to better share information. In December our Leicestershire Local Enterprise Fund was launched with Funding Circle, a leading online marketplace for business loans, to help firms develop and grow. By August 2014, 21 Leicestershire businesses had received over £1.1m of loans to help expansion and job creation, of which the Council has lent £220,000.

**Business Premises and Workspaces** - our County Farms Estate continues to support new start farmers and provided an economic return of £393K during 2013/14, an improvement on the previous year. In addition the portfolio contributed £10m in capital receipts through estate restructuring and the release of development sites. Our industrial units produced a net surplus of £415K during 2013/14, also an improvement on the previous year. New investment is planned through our Corporate Asset Investment Fund to ensure the portfolio continues to meet the needs of new start businesses and generates economic growth and returns.

**Tourism** - over 29 million people visited the County and City in 2013 and the number of jobs supported by tourism increased from 19,604 to 20,485. The economic impact of tourism in Leicester and Leicestershire increased by double the national growth rate, partly due to the national and international interest regarding the discovery of King Richard III. We continue to support tourism through our contract with Leicester Shire Promotions which delivers a range of initiatives to increase leisure and business tourism to the county. See also the Better Place section of this report setting out related activity to improve the local tourism offer.

**Rural Economy** - we lead the Leicestershire Rural Partnership which plays a key role in supporting the LLEP's and our priorities to support the rural economy. £170,000 of funding was allocated to 17 projects during 2013/14 through our Rural Capital Grant Scheme, creating up to 60 new jobs and safeguarding 70 others. The Village Shop Support programme also approved £13,657 to enhance and sustain 7 village shops. The scheme offers grants of up to £3,000 to village shops and post offices to improve the range, quality and accessibility of services. We secured £19,200 from the Department for Environment, Food and Rural Affairs to prepare a Rural Development Programme bid for East Leicestershire. If successful, £1.74m will be secured for a six year programme to support job creation and rural growth.

**Impact on Business Growth** - in summer 2014 Leicestershire was named alongside four other areas as among the fastest growing economies outside London by the Royal Bank of Scotland Regional Growth Tracker. At the same time, the national Enterprise Research Centre highlighted that Leicester and Leicestershire was the only LEP outside London and the South East with an above average proportion of fast-growing firms.

### **Employment and Skills Support**

**Supporting People into Employment** - we are awaiting finalisation of the European Structural and Investment Fund Strategy that will provide up to £111m funding for development programmes across Leicester and Leicestershire, such as a planned new Employment and Skills Hub. We are working closely with the LLEP and other key partners to ensure the Hub and programmes deliver services which meet the needs of those furthest from the labour market in the county.

Work Clubs and Enterprise Hubs run in 6 of our main libraries. From November 2013 to August 2014, 950 people have been engaged through the Work Clubs. In addition, 7 job fairs were delivered during 2013/14 aimed at county residents who are currently unemployed. The events brought together potential employers, training providers, Job Centre Plus, district councils and further education colleges and attracted around 2,300 attendees. Feedback from companies that participated was positive and a



number of attendees found jobs as a result of their attendance. Our Wheels 2 Work project loans out scooters for up to 6 months to people travelling to employment or education, targeted at specific geographical areas and people furthest from the labour market. The age eligibility criteria have been extended and the scheme has supported 234 clients in accessing work or training. The County Job Seekers Allowance (JSA) claimant rate is now on a steady downward trend from a recession peak of 2.9% in mid-2009, and was 1.2% for the latest quarter. This is close to the historic low of 1.1% in June 2008. The County employment rate has recovered from a low of 71.4% in 2010 to 73.2% for the latest quarter.

**Higher Level Skills Development and Retention** - to prosper and grow businesses need people with the right skills, experience and qualifications. A total of 14,127 students were engaged in post-16 education during 2013/14. Of these students, 75.8% were studying for Level 3 ('A' Level equivalent) qualifications, an increase on the previous 2 years. Whilst the national trend for 'A' Level results indicates that the overall pass rate has fallen, in Leicestershire provisional results indicate that standards have been maintained compared to last year and a record number of 18 year olds were accepted into their first choice university. The proportion of people with degree level qualifications also increased from 30.4% in 2012 to 33% in 2013.

**Increasing Employment Skills** - in collaboration with the LLEP Employment and Skills Board and major partners such as the Leicestershire Education Business Company (LEBC) and Leicestershire Cares, the link between education and business has strengthened. There were 10,248 enrolments for our Adult Learning Programmes during the 2013/14 academic year. 36% of participants enrolled in programmes with vocational outcomes or English and Math's provision. A new facility was launched in Market Harborough combining the library and museum with community space for the provision of adult learning. A range of library and museum facilities have also been upgraded to provide adult learning spaces in deprived areas of the County, which has contributed to an increase in adult learning enrolment. The proportion of people achieving a level 2 qualification by the age of 19 was 85% during 2013. In addition, the further education success rates and apprenticeship completion rates for the county were above the national average and reached their highest level ever. The ambition of the sector is to reach the top quartile nationally within the next two years.

**Minimising Young People Not in Education, Employment or Training (NEETs)** - the Prince's Trust 'Get Started' and 'Get Into' programmes for vulnerable young people who are furthest from the labour market commenced in spring 2014. The aims are to help participants re-engage with learning and boost employability by giving NEET young people work skills and experience by partnering with employers and training organisations. Since the start of the programme, 19 participants have moved into employment, 2 into apprenticeships, 17 into further education or training and 6 into volunteering.

The 5-year Princes Trust Talent Match Programme is providing bespoke, intensive employment support for 18-24 year olds who have been unemployed for over 12 months in Greenhill Ward, Coalville. To date the project has worked with 22 young people. Prospects, the education, employment and training company, continues to deliver careers information, advice and guidance on behalf of the Council to young people aged 16-19. The number of 16-18 year old NEETs in Leicestershire reached a record low of 2.8% in June – one of the best results in the country.

**Apprenticeships** – in May, the County Council signed a new charter to demonstrate our commitment to recruiting apprentices. We currently have 53 apprentices in roles such as administration, finance and customer services. Our Adult Learning Service has a further 41 apprentices enrolled on apprenticeship programmes currently working for other public and private sector companies in Leicestershire. A total of 379 apprenticeships were started across Leicestershire during 2014, of which 62.5% apprentices completed their learning aims, an improvement compared to 60.1% during 2013.

### **Strategic Transport Infrastructure**

An effective and safe transport network is an enabler of growth and vital to the local economy. We continue to progress delivery of our Local Transport Plan priorities and Implementation Plan to 2017, to support economic growth, reduce congestion, improve access to jobs and training, increase road safety and support more sustainable ways of travel such as walking, cycling and public transport.

**Major Schemes Supporting Economic Growth** - in March 2014 Loughborough's Inner Relief road was completed ahead of schedule as part of phase one of an ambitious £19m transport scheme to reduce traffic in the town, make Loughborough more attractive and safer and attract further investment, development and regeneration activity. Phase two includes making the town more pedestrian friendly and controlled crossings and carriageway facilities for cyclists, and is scheduled to be completed at the end of 2014. Throughout 2013/14 we have worked jointly with Leicester City Council to develop proposals for a £19m North West Leicester Major Transport Project. This will see measures delivered in and around the A50, Anstey Lane and A6 corridors, which will improve travel conditions, tackle congestion and support growth. Work has also continued to prepare for a new bridge across the M1 to access the planned 4,250 home 'New Lubbethorpe' development to the west of Leicester. This will help minimise the impact of traffic on Beggars Lane and the A47 and provide important links between the new housing, employment facilities and other amenities.

In addition to these major schemes we have secured over £10m additional funding from our Growth Deal. More than £4.6m has been attracted to fund transport improvements in Hinckley including £1m for sustainable transport schemes. This will help to deliver our ambitious Hinckley Area Project, which includes a range of measures to support people to access jobs and training; to provide better access to shopping areas; and to tackle congestion including enabling people to cycle, walk and use public transport. The scheme also includes improvements in Earl Shilton and Burbage including new traffic calming, bus stops, Zebra crossings and cycle parking facilities. The Growth Deal funding also enables us to support growth by improving a number of other key junctions in the county, including M1 Junction 22 and A42 Junction 13.

£13.6m has been allocated to the LLEP through the Growing Places Fund to support road infrastructure that helps unlock stalled development sites. Projects to be supported in the County include junction and road improvements at Bardon Grange near Coalville to support a 3,500 unit housing development including 700 affordable

homes and 20+ hectares of employment land, junction improvements to the Flagstaff roundabout on the A42 to support growth in North West Leicestershire and road improvements at Optimus Point Business Park in Glenfield, providing 111,000 sq. m of employment space, creating around 2,000 jobs, a district community centre and 250 homes.

**Reducing Congestion** - a £3.5m scheme to improve safety and ease congestion at the major Fosse Park/Asda roundabout was completed in Spring 2014, complementing a Highways Agency scheme to ease congestion at Junction 21 of the M1. Together these works provide improved journey time reliability for businesses in the area. A £2.4m scheme to reduce congestion and improve safety at the A46/A50 roundabout near Glenfield was also finished in 2013/14, helping to improve traffic flow and access to a major employment and housing development in Glenfield.

**Sustainable Transport** - Our work to encourage more people to walk, cycle and use public transport as part of their daily journeys has seen major improvements to bus infrastructure and the walking and cycling network, as well as ongoing interest in our key sustainable travel initiatives. To support this we launched a new website and app that unlocks prizes and shopping deals the more people travel sustainably. During 2013 we also launched new guidance for developers that will see the development of travel plans to ensure that new developments encourage the use of sustainable transport modes to access local services. We also launched a new countywide web-based car share scheme in April 2013, which is being used by an increasing number of employers, with 19 businesses using it by the end of March 2014.

**Walking and Cycling** - we are part way through our three year programme of improvements to tackle congestion and encourage more walking, cycling and public transport use in two of our busiest towns, Loughborough and Coalville. During the last two years we have delivered a £2m investment to improve the Coalville walking and cycling network, including a £116,000 scheme linking Stephenson Way in the town to Hall Lane in Whitwick. We have delivered a number of travel awareness events to promote cycling and walking in Loughborough and Coalville, including the Big Family Bike Ride, with over 1200 people attending these events. We have recruited 59 schools to our 'Choose How You Move' schools programme, aiming to promote healthier lifestyles to pupils and reduce congestion and pollution outside the school gate. In 2013-14 schools within the scheme saw a 5% reduction in arrivals by car. We have also developed our Personalised Travel Planning efforts. Since 2011 these have seen, on average, a 4% reduction in car use for work journeys and a 20% reduction in car use for shopping journeys amongst participants. Our Choose How You Move personal travel planning project won the Skanska Sustainability Award 2014.

We have delivered 53 free adult cycle courses to 667 people and supported 440 people to attend work or training interviews through 'access to work' grants. We have also increased the number of people cycling to Loughborough Railway Station. The installation of bike maintenance facilities, sustainable travel information stands and bike/motorbike stands have contributed to the Station winning 2013 Best Medium Railway Station in the East Midlands.

**Bus Services** – our ambitious scheme to reduce bus journey times and increase public transport usage on a key route into Leicester was completed during winter

2013/14. The £5m A426 bus corridor project aims to improve bus reliability and ease congestion. The project includes a number of measures to encourage greater bus use such as improved information provision and personalised travel planning. Arriva has launched its refurbished 'Breeze' buses along the route and preliminary results show an encouraging increase in bus passengers. We are also developing a prioritised programme of bus corridor improvement schemes to deliver in the coming years. Working with Arriva and Kinchbus we have also promoted a range of offers and incentives to encourage more bus use, including savings on a variety of tickets. Park and Ride usage continues to grow on our park and ride services with revised routes and a link provided directly between Enderby and the Leicester Royal Infirmary from September 2014. As part of Real Time Passenger Information delivery in Leicester and Leicestershire, a new journey Planner and Travel Portal has been developed as part of our 'choose how you move' scheme. This will allow comparison of walking, cycling, bus, train and car options for different journeys and, with improvements to roadside bus information, should also support improved confidence in and satisfaction with passenger transport.

**Highways Maintenance** - the condition of Leicestershire's roads continues to be very good, and amongst the best in the country. Public satisfaction with the condition of our roads is the highest for any county highways authority for the sixth consecutive year and ranked 12th best across the country. This reflects the Council's highway asset management strategy, the robustness of which plays an important role in ensuring that the condition of our highway infrastructure assets is particularly good. The percentage of our footway network with defects remains low and we have also made progress in reducing the percentage of our street lighting columns that need replacement. The percentage of our traffic signal installations requiring renewal remains very low and the condition of our bridges and rights of way network has remained stable. A successful application to the Department for Transport resulted in over £2.6m being allocated for highway repairs in the county, including addressing potholes.

**Floods and Winter Maintenance** – winter 2013/14 was the wettest for 248 years and generally milder than average. Nevertheless our fleet of gritters undertook 54 runs using 6280 tonnes of salt and keeping the main routes open to traffic. In March 2014, we were successful in obtaining £1.5m for repairs to flood and severe weather damaged roads.

**More Customer Focussed Highways Services** - we are reviewing and improving the way we respond to the public and customers concerns about our highways and the service we provide. Following a review of our Customer Service Centre and highways working in June 2013, a number of procedural changes have been made. This has helped to address a backlog of work and streamline the way in which customer enquiries are tackled. The net effect has seen the average time taken to address reactive repairs reduce by at least 50%, including an 89% improvement in the time taken to clear a blocked gully.

**Street Light Dimming** – in August we began to roll out our street light dimming scheme to Loughborough. The scheme will save £900,000 per year in energy and reduce our carbon footprint. By the end of 2014 three quarters of our 68,000 street lights will have been altered. Evidence from police data shows no increase in crime in areas with dimmed street lights and in some cases crime has fallen in these areas.

## **Better Care - Health and Social Care Integration**

Health and care integration is a local and national priority with local areas being asked to set out plans to achieve a new vision for health and care integration by 2018/19. Developing more effective ways to coordinate care and integrate services around the person, and to predict and prevent avoidable admissions to hospital are key to improving outcomes and ensuring high quality and sustainable services in the future.

**Better Care Together** - across Leicester, Leicestershire and Rutland, through the Better Care Together Programme, all partners are working together to change our health and care system over the next 5 years to reduce demand and reliance on acute services in favour of more integrated, high quality care in community settings. To support delivery a social care fund was made available to develop early opportunities for health and care integration in each area. In Leicestershire this led to a joint fund of £13m with delivery across a number of priorities such as First Contact, Carer Support, Dementia Services, and integrating reablement across health and social care.

**Better Care Fund** - each Health and Wellbeing Board has been asked to extend the above approach by operating a larger pooled budget called the Better Care Fund (BCF), shared between health and local government, to support further integration. The total value of our fund in 2015/16 will be £38.3m. A jointly agreed plan on integration in Leicestershire was submitted to NHS England in April 2014. Following changes to arrangements nationally over the summer, a revised Better Care Fund plan was submitted in September 2014. The Leicestershire BCF plan is structured around 4 themes covering unified prevention, integrated care for those with long term conditions, integrated urgent response and hospital discharge and reablement. The Plan will result in improvement to health and care services including more services outside hospital operating 24/7, better co-ordination and access to prevention, information and advice, a joined up response in two hours for those needing urgent assistance in the community, more timely and effective support to help people leaving hospital and more help for people with long term conditions. The plan also aims to provide more support closer to home, help people maintain independence in the community for as long as possible, minimise avoidable admissions to hospital, and reduce the time spent in hospital. Progress to date relating to each of the key themes is provided below.

**Unified Prevention** – we have progressed an Early Intervention and Prevention Review aimed at focusing resources on those most likely to need health and social care support in the future. The review is part of developing a co-ordinated preventative approach across the County with key partners. In 2013/14 our Assistive Technology Team supported 1,600 people with monitored technologies in their home, such as community alarms linked to falls detection; environmental sensors and property sensors. In addition 1,400 people were supported with stand-alone technologies ranging from memory and communication aids to environmental controls. We have also been working with health partners to increase community based support for people with health needs through initiatives such as virtual wards, reablement and proactive care. Virtual wards use the systems and staffing of a hospital ward, but without the physical building, providing preventative care for people in their own homes. Our approach to prevention also involves an integrated offer of housing support targeted to improve health and wellbeing. Our First Contact scheme and Local



Area Coordination will be signposting people to practical housing advice and interventions using one referral form.

Older people are also supported through our 4Ways2Warmth campaign. Warm home officers, based in district councils, offer independent and tailored advice on keeping homes warm, provide support such as emergency heaters and check energy tariffs and eligibility for heating and insulation grant. A new information and advice service has also been commissioned that focuses on Adult Social Care. Employees from the 7 main libraries across the County have received training about the assisted information in libraries offer. The training enables libraries staff to signpost service users to appropriate resources.

**Long Term Conditions** - effective models of care have been developed to support people with long term conditions to maintain independence through proactive care and integrated care teams. Care plans step up care when required and step it down again when the person stabilises. Developments implemented in 2014 include the introduction of case management for the over 75s, extension of care plans to more people with long term conditions in each GP practice, adopting the NHS number across care planning records, and 7 day service pilots in GP practices targeting patients with long term conditions and complex care needs.

**Integrated Urgent Response** – an Integrated Crisis Response Service (ICRS) pilot began in September 2013 involving our adult care services supporting residents who are experiencing a health or social care crisis within their own home and without which they may be admitted to hospital or a care home. During the first year of the pilot, ICRS helped 500 service users avoid a hospital admission and 218 service users avoid a residential admission. The Better Care Fund has been used to integrate health components of the service and an overnight nursing assessment launched on 1<sup>st</sup> September 2014. In addition, the older person's unit was launched on 1<sup>st</sup> October 2014. The unit provides GP's and other health care professionals with an alternative method of obtaining a comprehensive geriatric assessment as opposed to being admitted to the acute sector.

**Improved Hospital Discharge and Reablement** - the Council's Home Care Assessment and Reablement Team (HART) provides intensive support for up to six weeks to help service users maintain independence in the community. Evidence shows that this type of service can reduce or delay the need for longer term, more costly services. In addition support has been given to a reablement service for patients who leave hospital with no family support. Volunteers work with patients on a range of tasks to rebuild confidence and prevent social isolation, including preparing the home for return from hospital and supporting access to community activity and befriending.

### **Better Adult Social Care**

To support Better Care we aim to have high quality local social care services for older people, vulnerable adults, carers and people with disabilities. The Care Act 2014 aims to make access to care and support clearer and fairer. There will be a cap on the care costs people incur over their lifetime and a national eligibility threshold to ensure equitable access to social care. The Care Act also aims to ensure continuity of care when people move between areas. In order to ensure Care Act readiness we have

established a Care Act Programme, programme plan and series of work streams to take the work forward.

**Carers** – our Carers Strategy action plan confirms our commitment to identify carers early on and support them to maintain a balance between their caring responsibilities and have a life outside their caring role. Work to date includes the development and launch of The Carers Charter, including seven promises on how we will work with and support local carers. The Carers' Champion Network has also been developed to raise the profile of carers. The Care Act introduces significant new duties for carers and for the first time will put carers on a par with those for whom they care. This means we will see an increase in the number of carers requiring assessment and will need to ensure carers are effectively supported through the provision of carers' personal budgets. We are well prepared for the change and as part of the overall prevention offer a new offer for carers will be in place for 2015. The new offer builds on already successful carer support services, offering universal and targeted support to carers including the Pilot Carers Health and Wellbeing service which works directly with local GP practices to promote the identification of carers; ensuring carers have access to appropriate advice information and support early on in their caring role.

**Personalisation** - the number of users and carers receiving support as self-directed support (personal budgets as a managed budget) has increased in Leicestershire since 2012-13. Whilst the overall number has increased the percentage of users and carers receiving support via cash payments has reduced in 2013-14. Work is underway to address barriers associated with the uptake of cash payments including the offer of advice and support services. This approach recognises that using cash payments can be complicated and individuals need varying levels and types of support to successfully achieve the best outcomes possible from them.

**Extra Care Housing** – in July we agreed to invest £1.56m towards the £9.5m cost to build an extra care housing scheme providing around 60 apartments for older and frail people in Loughborough. The scheme will offer a range of on-site facilities as well as flexible care and support. The scheme comes on top of the £1.3m funding we committed to support a new extra care scheme in Blaby, which will provide 50 additional flats and 13 bungalows in the area in 2015. Further developments in Harborough are also planned, including through £100,000 we have provided to the Brooklands Gardens scheme, which will deliver additional extra care services from 2015 onwards. We also continue to work with key partners to explore other potential extra care opportunities across the County.

**Dementia Support** - the Memory Support Coordination Service, in place from October 2014, supports people affected by dementia or memory loss to plan for the future, receive emotional support, and assist them to identify and access opportunities in their communities. The service includes a range of memory cafes and carer and peer groups which help people to maintain their independence and support carers in their caring role.

**Support for People with Learning Disabilities** is a priority. We are implementing a supporting action plan and range of activity to improve provision with a focus on prevention, early intervention and integrated care, supported by a pooled budget. We also continue to implement the action plan from the Winterbourne View case. Short

breaks for carers have been identified as a key issue to sustaining care and we have therefore produced a revised short breaks strategy and implementation plan to ensure outcomes are achieved. Our Shared Lives programme has seen an increase in new placements, primarily for those with learning disabilities. Service users are benefitting from increased choice in service provision due to success in recruiting new shared lives carers and consequent placements. We are also working with housing partners to support people with learning disabilities or mental health needs to secure their own home as part of the Pathway to Housing Project. The project received 154 referrals and supported 50 individuals to move into settled accommodation in 2013-14 and continues to grow as awareness of the project increases.

**Care Home Quality** – in 2013/14 15,949 people received services from the Council, a slight increase from the previous year. In contrast the national picture shows a 5% reduction in people accessing services. In Leicestershire the majority of people (81%) received community based services, 16% residential care services and 3% nursing care. There was a 4% reduction in placements in residential care in line with efforts to help people to continue to live at home. 45 care providers in Leicestershire were recognised for their commitment to quality and best practice at events in November and August, a number receiving our Dignity in Care Awards, while others gained a Quality Assessment award at Gold, Silver or Bronze level. Dignity in care recipients met 10 challenges including zero tolerance to abuse, treating each person as an individual, maintaining independence and engaging with family members. A residential home for people with learning disabilities in Melton Mowbray also made the final five of the national dignity in care awards. Our Quality Improvement Team continues to work with health service and other partners to improve the standard of care in residential and nursing homes.

**Adult Safeguarding** – we recognise that keeping vulnerable adults safe is one of our most important priorities and have strong partnership arrangements through the Safeguarding Adults Board. The Board works closely with the local Safeguarding Children’s Board to ensure better outcomes for children, young people and adult service users. A Sector Led Peer Review found that there is a clear vision and strategy for adult safeguarding across all agencies in Leicestershire. Partners commented on the effectiveness of the Adults Safeguarding Board with good representation across a range of agencies and that safeguarding is seen as “everybody’s business”.

Our Adult Social Care Survey found that in 2013/14 the proportion of people who felt that the services they used made them feel safe was 90.4%, an increase on previous years and above the national average. Our Safeguarding Team continues to investigate allegations and safeguarding referrals from people living in residential care, nursing homes and private hospitals. The team work closely with agencies such as the Police, NHS and Care Quality Commission. Audits indicate improved performance against safeguarding standards. Performance was particularly strong in the adult service audit with eight organisations fully compliant. The Safeguarding Board also delivered domestic homicide reviews on behalf of community safety partnerships. Two reviews were carried out in 2013/14 and learning disseminated through the Serious Case Review Subgroup. In addition the Safeguarding Adults training network meets on a bi-monthly basis to ensure learning is effectively disseminated.



## **Better Public Health**

Public health functions transferred to the Council in April 2013. They play a key role in contributing to our aim of a healthy population with increased life expectancy and reduced health inequalities. A number of public health issues have been prioritised in our local Health and Wellbeing Strategy including reducing cancer mortality, reducing obesity and smoking, improved sexual health and reducing the harm caused by substance misuse. We have also prioritised the importance of getting health right from childhood through the Healthy Child Programme.

**Life Expectancy and Health Inequalities** - everyone in Leicestershire deserves a long and healthy life. On the whole, people in the County enjoy good overall levels of health and wellbeing. However there are people who experience worse health or die younger than others. To reduce health inequalities we are tackling the wider determinants of health. We deliver a series of programmes to address important health determinants such as the housing offer to health, debt advice, and our Fit For Work and Healthy Workplaces programmes. We are also delivering targeted programmes to reduce lifestyle risk factors for premature mortality - smoking, excess alcohol, poor diet, and obesity. These adverse lifestyle factors are more common in socially disadvantaged and excluded groups. We have also commissioned a number of services aimed specifically at improving the health and wellbeing of socially excluded groups such as the travellers' ambassador service and our probation health trainer service.

**Health Checks** - from April 2013 commissioning of NHS health checks became the responsibility of our public health team. The health check programme aims to help prevent heart disease, stroke, diabetes, and kidney disease - the biggest cause of preventable deaths. Everyone between the ages of 40 and 74 not already diagnosed with one of these conditions will be invited every five years to have a check. Participants will also be given advice to help them reduce health risks. In Leicestershire the programme is delivered by GPs. During the year, dementia awareness and alcohol screening were added to the service. At the end of 2013/14 a total of 50,310 people had been invited to undergo a health check and 25,009 people had taken up the offer (49.7%). This equates to 12.2% of the population that are eligible. In 2014/15 we will be re-procuring health check services and will encourage pharmacies and GPs to work together to improve take-up and ensure hard to reach groups are better catered for.

**Cancer Mortality** - cancer is the most common cause of people dying prematurely in Leicestershire. To help tackle this we are helping people to adopt healthier lifestyles and become more aware of cancer risk factors. About half of all cancers can be prevented by lifestyle changes including avoiding smoking and excess alcohol, maintaining an active lifestyle including a healthy diet and weight and by avoiding excessive sun exposure. Many cancers can also be cured if they are detected and treated early. We are working with NHS colleagues to increase awareness of early symptoms of cancer and to improve early access and referral. In doing so we are enhancing access to cancer diagnostic and treatment services and cancer screening for socially excluded groups.

**Healthy Weight Adults** – locally two-thirds of adults are overweight or obese, in line with regional averages, but a major cause of illness and early death. 2013/14 saw a significant increase in public health funding for obesity related programmes in Leicestershire. As a result a number of new initiatives have been commissioned targeting adults to help address the broad issues and behaviours contributing to the growth of obesity. We have commissioned the Master Gardeners programme from Garden Organic to develop a network of volunteers to support the growing of fruit and vegetables in local communities, with a focus on maximising healthy eating, increased activity and improved mental health. Work also continues to expand the targeted basic cookery skills programme run by our adult learning service and to maximise benefits from links with our Love Food Hate Waste programme which teaches people to make money saving and nutritious meals. A significant expansion of healthy weight services has taken place since 2013/14. The Leicestershire Nutrition and Dietetic Service (LNDS) adult weight management programme has doubled the number of courses to 48. A new “Weightwatchers” service was launched in April 2014 to provide 500 free courses to targeted patients and we have also funded a new telephone triage service to improve the weight management referral process.

**Reducing the Harm of Substance Misuse** - our focus covers the whole pathway of substance misuse. In recent times the use of Novel Psychoactive Substances, often called ‘legal highs’, has become an issue. In response the ‘Legal Highs Lethal Lows’ campaign was launched by our Substance Misuse Partnership to highlight the risks and prevent the harm these substances can cause. The social norms alcohol prevention project challenges the misconception that drinking alcohol at a young age is ‘the norm’ and engages pupils in innovative ways to develop their own communication messages, such as posters and drama performances. The project is showing evidence of reducing the number of pupils who drink alcohol. We have commissioned a project to deliver substance misuse awareness and interventions training to frontline staff. So far 82 training sessions have taken place. We also continue to develop the role of GP practices in identifying patients with alcohol-related problems and providing brief advice on health risks and safe levels of drinking. In 2013/14, over 37,000 individuals were screened, resulting in more than 2,000 brief interventions and a further 118 referrals to specialist treatment services. Throughout 2013/14 there has been a steady increase in the numbers treated for substance misuse and a rebalancing of the numbers of alcohol users compared to drug users in treatment, reflecting increasing access to treatment. The numbers successfully completing treatment has also continued to rise. There is a need to ensure that people can sustain their recovery and we have supported the establishment of the Leicestershire and Rutland Recovery Forum and two SMART Recovery groups to help this.

**Tobacco Control and Smoking Cessation** - smoking remains a leading cause of premature death and health inequalities in Leicestershire. Our local tobacco control alliance continues to coordinate a comprehensive tobacco control program with emphasis on prevention, cessation and enforcement. Our expanding tobacco free young person programme – *The Tobacco Trap* – aims to change the opinions of young people and reduce smoking initiation through peer mentoring and dissemination of messages to reinforce the realities of smoking. We promoted the Stoptober campaign which in October saw 2,600 Leicestershire smokers give up cigarettes. 2013/14 also saw our Stop smoking service help over 4,500 smokers to quit. In 2014

we will be re-procuring a provider for stop smoking services under a new contract. Our Trading Standards Service continues to work to reduce the underage and illegal sale of tobacco products and hosts an East Midlands regional post coordinating alcohol and tobacco enforcement. 2013/14 saw the launch of a successful campaign to reduce illegal sale of tobacco products.

**Improved Sexual Health** - our new integrated sexual health service started in January 2014 providing both contraception and sexually transmitted infection treatment within a single service. Extended opening hours are now available from the two hub sites and there are more 'spokes' available at various times across the County, improving access. The Chlamydia Screening Programme offers screening for all sexually active 15-24 year olds. In Leicestershire a total of 22,904 tests were taken in 2013 with 1,444 testing positive. The rate of chlamydia diagnosis was 1,702, lower than the England average of 2,016 but an increase from 2012. Screening coverage in Leicestershire at 27% remains higher than the England average (25%) but increasing coverage across areas will be important to detect and treat chlamydia and reduce its prevalence. Since 1998 under-18 conceptions have reduced by 43% in Leicestershire. The 2012 conception rate was 21.7 conceptions per 1,000 girls aged 15-17 - equating to 254 teenage pregnancies, significantly lower than the national average. Figures saw a 16% drop since last year. Work to support young parents and enable easy access to education, employment and training continues to be a key part of our teenage pregnancy strategy.

**Workplace Health** – the Leicestershire and Rutland Workplace Health Group has reviewed existing workplace health programmes and developed a new integrated pathway to join up the programmes. The group has also encouraged adoption of workplace charter standards and better coordination of activity across specialist provider services. The Leicestershire Fit for Work service is part funded by the Council and local Clinical Commissioning Groups providing expertise and services support people at risk of becoming unemployed due to ill health. Clients receive one to one support from a dedicated case manager with the aim of making access to work and support services readily available.

**Better Mental Health** – good mental health is the foundation for individual wellbeing with a clear link between good mental health, wellbeing and emotional and physical resilience. Mental health and wellbeing are key priorities in Leicestershire. We are focusing on promoting positive mental health and wellbeing for all and on the early detection and treatment of those who have mental health problems through a joint mental health and mental health promotion strategy. Mental health first aid training has been commissioned for non-medical frontline staff to help them identify early signs of mental illness, promote good mental health and facilitate onward referral. We are delivering targeted mental health promotion programmes across Leicestershire including 'Reading Aloud', 'Five Ways to Wellbeing', and suicide awareness and prevention programmes. We are helping deliver improved mental health in working aged adults through our 'Healthy Workplaces' and 'Fit For Work' services. A strategic review of preventative mental health services has been conducted and we have commissioned social drop-in provision to support people aged 18 and over who are recovering from or living with mental health problems, to maintain their independence.

## **Better Physical Health, Sport and Physical Activity**

We place high priority on the wide ranging physical and mental health benefits of sport and physical activity for both adults and children. In collaboration with the Leicester-Shire and Rutland Sports (LRS) partnership we aim to increase participation in sport and physical activity, reduce the costs attributed to inactivity and make sport more inclusive.

**Active Young People** – £30,000 was invested via the Leicestershire Legacy Fund to train 111 early years settings in physical play for 0-5 year olds. In addition we invested £50,000 in an apprenticeship scheme to support young people to become coaches. The scheme, in conjunction with Loughborough College, has seen schools receive support for 20 trainee coaches to boost take up of sport and physical activity. £200,000 was invested to maintain and develop the Leicestershire School Sport and Physical Activity Networks (SSPAN) and £164,000 to deliver 172 Sportivate projects resulting in 4,875 11-25 year olds participating. Disabled roadshows took place in all 10 SSPAN areas offering enhanced support for more young disabled people to participate. 119 Go Gold Athletes were awarded funding and 25,000+ young people participated in the School Games Programme including 893 disabled young athletes. Leicester-Shire and Rutland School Games was awarded first place nationally by Sport England and the Youth Sport Trust for a high quality and outstanding School Games Programme.

**Active Adults** - 2014 has also seen £3m invested through our Local Sport Alliances and over 100,000 people benefitting from £750,000 invested in Sport and Physical Activity Commissioning plans, generating 1.8m attendances. £1.2m of funding has also been secured for local clubs resulting from Funding Officer Support. 14000+ people have been engaged in 73 elite athlete visits as part of Olympic Legacy Roadshows and £343,000 invested into local clubs and organisations from the Leicestershire Legacy Fund. LRS has also overseen delivery of the Sport England Inclusive Sport Project to develop a wider disability community offer - achievements include 8 school clubs developed in special schools, 5 Community Roadshows and 198 people trying out Paralympic Sports. Investment in 28 Community Games Events engaged 46,000 people.

In addition 186 workplaces participated in workplace challenge activity logs and 155 clubs were supported with post-Olympic and Paralympic legacy challenges. A Sky Ride local cycling programme was funded through our Choose How You Move project with 20 guided rides led by locally trained leaders. Over 30 active running clubs are now in place led by 60 qualified run leaders attracting an extra 1,000 runners. The project has been recognised as the Project of the Year at the Run England Regional Awards. Our Physical Activity Health Programmes 'Exercise referral' and 'Heartsmart' both saw growth in the number of participants. We have significantly increased the number of qualified instructors to deliver the programmes, introduced an improved monitoring and evaluation system and increased the range of activities offered. 51 inactive adults were referred onto the Get Healthy, Get into Sport project – targeting inactive people in two priority neighbourhoods.

## **Supporting Children and Families**

Our aim is that children and young people in Leicestershire are safe, achieve their potential and have their health, wellbeing and life chances improved. We place a particular focus on vulnerable children and families such as children in care, children with special educational needs and families with particular problems.

### **Ensuring Children and Young People Are Safe**

**Safeguarding** - in the last year our Children and Families Services have been contacted over 15,000 times about concerns regarding the safeguarding of children. Of these, 5,895 (39%) went on to be full referrals to children's social care - 438 referrals per 10,000 children. The national average is 521 and the regional average 586. Once referrals are made they are assessed to consider the type of support that a child may need and the actions that must be taken. As a result of national changes a new form of assessment was introduced in 2014, called the Single Assessment Framework, to improve the speed and quality of the response to children's needs. The national target in which assessments must be made is 45 days; but we have set a local aim of 40 days.

Following assessment 629 children needed child protection plans - 33 per 10,000 children. The national average is 37.9 and statistical neighbour average is 32.8. At the end of September 2013 the number of children with child protection plans had fallen from 393 to 373 as a result of improvements made from contact through to referral and the provision of early help. However the figure rose to 427 by December 2013 reflecting the increased national profile of the need to protect children as highlighted by cases in the West Midlands and Yorkshire. The number of cases has not changed significantly but the proportion relating to sexual abuse has risen - possibly as a result of heightened public awareness and confidence in reporting. In March we showcased our approach to keeping children safe to experts from around the world. Our 'signs of safety' approach puts children at the centre of all the work, strengthens families and ensures a consistent and balanced approach to assessments. The approach is generating positive feedback from families. Audits last year also indicate sustained or improved performance against safeguarding standards in agencies.

**Child Sexual Exploitation** - there has been joint work during the year on child sexual exploitation, child trafficking and missing children including training and workforce development. There was also a major communications exercise to raise awareness of child sexual exploitation with children and families, which reached 8,000 children in 39 schools. Another campaign raised awareness among key service providers such as taxi drivers, hotel and leisure providers to the incidence of child sexual exploitation and how to report cases. These resulted in an increase in referrals and disclosures. A new co-located unit is now being established with staff from the police and children's services working in one team to share information, expertise and resources. Progress has also been made with Leicestershire police in responding to children who go missing from home and from care. The work has brought together staff and delivered bespoke training, resulting in a 63% reduction in children who go missing from care.

**Effective Child Care Placements** - we recognise that children are best brought up in their own family. Where this is not possible we will seek to ensure alternative, high



quality care arrangements. In December 2013 we adopted a new policy regarding placements to ensure that, whenever possible, children are with families and within Leicestershire.

**Fostering** - on 31<sup>st</sup> March 2014 there were 456 children in Leicestershire's care. Our Fostering Service recruits foster carers, and also finds ways to place children with their extended families, where possible, through an arrangement called connected carers. Last year there were 183 mainstream and connected carers. On 31<sup>st</sup> March 2014 there were 293 children placed with mainstream carers and 63 with connected carers. Independent Fostering Agencies (IFAs) provide places for children and at 31<sup>st</sup> March, 107 children had been placed by IFAs. Local Authority Fostering Service Benchmarking shows that local authorities make use of 69% of their foster carers at any one time. In Leicestershire the average is 91% and we are looking to find an extra 100 foster carers in 2014/15. 38 of the children in care were disabled and/or had challenging behaviours and were provided with specialist support and a specific placement.

**Adoption** – the number of adopters and adoptions in Leicestershire continues to increase with the Council finding new homes for 51 youngsters last year. Following changes in legislation we have halved the length of the recruitment process so that people can now be assessed within six to eight months. The Adoption Service has also been reformed during the year. A new full-time recruitment officer now works across Fostering and Adoption Services and the number of new adopters has increased by 40% as a result. At 31<sup>st</sup> March 2014 there were 67 approved adopters in Leicestershire, but many more are still needed. A new campaign was launched, intending to break down the myths about adoptive families, and an adoption bus is now visiting events all over the county to provide information and encourage Leicestershire residents to consider fostering and adoption.

**Looked After Children** – our health partners have a dedicated looked after children team, with a specialist nurse for each child. This supports tracking of health assessments over time and ensuring health plans are in place, which is seeing improvements in the health of children. Educational outcomes for Looked After Children are being given greater priority in schools through the work of the virtual school headteacher network, supported by the education of children in care service.

**Care Leavers** - when young people in care are 16 they are referred to as Care Leavers. This does not mean they immediately leave our care – we have a responsibility to support them until they are 25 if they wish – but it does mean that we start to prepare them for independence and adulthood. The Children in Care Service works closely with Prospects to identify the young people most in need of support and this arrangement is being strengthened in 2014/15. We have also signed up to a new charter spelling out how care leavers will be treated and what support they will receive. The document, written by young people in care, sets out commitments to provide lifelong advice and support to find a home. We have also signed up to the national care leavers' charter. In January we hosted an event highlighting the wealth of achievements of our children in care and over 200 care leavers.

## **Supporting Children to Achieve Their Potential**

**High Quality School Places** – inspection outcomes across schools remain positive. Over the last year 64 schools were inspected and more improved than declined with 83% schools now judged good or outstanding, above the national average. We have supported maintained schools and pre-school providers which required improvement or were judged to be inadequate. Local authority support was judged to have had a positive impact on school effectiveness. 90% of youngsters secured places at their first-choice primary school in 2014, with 96% being offered a place at one of their top three choices. In December 2013 we were successful in obtaining £55m of government money following submission of our three-year school place plan, which recognises a rising birth rate, housing growth and demographic change. We are now consulting on a new school place strategy setting out how we plan to invest the money in ensuring a continued supply of high quality school places in the right locations. Creating an extra 500 primary school places is the immediate priority, but we are also committed to developing provision for pupils with special educational needs and working with schools to ensure the right amount of secondary places.

**Good Early Learning and Child Care Provision** - overall 75% of all child care providers received a good or better Ofsted judgement, an increase of 1.2%. 86% of providers received a good or better Ofsted judgement after receiving support from local authority officers. 83% of nursery and playgroup providers have a good or better Ofsted judgement, 75% out of school providers and 71% of child-minders, all increases on last year. This year the Foundation Stage, age 5, good level of development rating has shown significant improvement, from 46.4% to 58.2%. The gap between the lowest performing children and the rest has also reduced from 5.7% to 2.3%. We have rolled out the 2-year-old Free Early Education Entitlement to the 20% most deprived families and 76% of families have taken up their child's place - comparing favourably with the national average of 67%.

**High Standards in Primary** - standards overall have risen in primary schools in 2013/14. The strong performance at Key Stage 1 in 2013 has been maintained in 2014, with Leicestershire performing above the national average in areas of the curriculum assessed. At Key Stage 2 there has been an increase in the number of children reaching the required level in every subject compared to 2013. Reading has increased from 86% to 89%, writing from 82% to 85% and maths from 84% to 86% and the majority are now better than the national average. Pupil progress from Key stage 1 to Key stage 2 has also improved whilst the gap between "pupil premium" performance and all pupils has narrowed. The strong partnerships we have established with schools having a positive impact on pupils learning.

**High Standards in Secondary** - at Key Stage 4 the percentage achieving the benchmark 5A\*-C with English and Maths remained well-above the national floor standard – but is likely to show a dip from previous years when validated results are available, as a result of national changes to the way in which vocational qualifications are counted. There is a broadly improving picture with regard to the percentage of pupils making the expected progress in English and Maths over Key Stages 2 to 4 although this remains an area of focus. The average A Level point score for Leicestershire increased for each category and A Level points per entry increased overall by 0.5 to 208.8. Vocational points per pupil entry increased by 4.1 and are

above the national average. The Leicestershire Secondary Head Teachers' Group is working through the Leicestershire Educational Excellence Partnership (LEEP) to raise standards of progress and attainment in Maths in 2014/15. LEEP, governed by school leaders, the local authority and dioceses continues to help schools strengthen school-to-school partnerships in order to drive improvement.

### **Support for Vulnerable Children**

**Special Educational Needs** - we are one of just 10 authorities chosen to help develop a pioneering new scheme called SEN Direct. Under the scheme parents and young people eligible for a personal budget will be able to create their own tailored package of support. As part of the scheme we are working with the SEND Consortium to devise a one stop online directory bringing together information on the variety of support available. Helping children and young people with SEN or disabilities and their families to receive the right services at the right time. We are also progressing a project to introduce a new single system from birth to 25 years of age for all children with SEN. The project will deliver better integrated assessment and joint commissioning of services in single education, health and social care plans. January saw the official opening of the brand new state of the art Ashmount Special School building in Loughborough. The £9.35m building offers places for 125 children and young people - an increase on the previous 87 places. The school has an outstanding Ofsted rating and recently won the SEN School of the Year in the Times Educational Supplement national awards.

**Transitions into Adulthood** - there have been a series of events with families, professionals and young people to inform our Transitions Strategy and action plan. Strong links have been developed with special school student councils and the parent partnership forum to support delivery. Disabled children entitled to leaving care services are identified at an early stage and transition plans are prepared in advance to identify any potential needs for adult services.

**Excluded Pupils** – pupils excluded from secondary school now benefit from new personalised education packages tailored to their skills and interests. The approach sees the Oakfield Pupil Referral Unit focusing on primary aged children, with responsibility for older children passed to 'behaviour partnerships'. Over the past five years the partnerships have reduced permanent exclusions by over 80%.

**Bullying and Cyber Safety** – a new approach to reducing bullying is being rolled out to classrooms across the county. The restorative approach involves bringing perpetrators and victims together to resolve disputes and the impact of bullying behaviour. The approach has seen significant reductions in exclusions, detentions and improved satisfaction. Awards were also presented to an additional 18 schools to mark their commitment to tackling bullying – over 70 schools across the County have now received the award. We have also run a competition for schools to create an anti-bullying 'app', in conjunction with Loughborough University. In July Leicestershire was named as one of the best local authorities for tackling homophobic bullying. Stonewall ranked the council 10th in the 'education index'. In November we supported anti-bullying week, and as part of the week a new cyber safety 'app' was launched to help pupils stay safe online. The 'app' provides a one stop online directory for children to find advice and help.



## **Improving Children's Health and Wellbeing**

**Nutrition and Healthy Weight Children** – 2013/14 saw a significant increase in public health funding for obesity related programmes in Leicestershire. As a result a number of new initiatives have been commissioned targeting children and adults to help address the complex issues contributing to the growth of obesity. The flagship Food For Life Partnership programme was launched in December 2013 and addresses all aspects of food culture in schools through improving school meals take-up, cooking classes, food growing and farm visits in all participating schools. To date 67 schools have been recruited and the programme will be available to every primary school in the county over the next 3 years. Our School Food Support Service was presented with the Food for Life Silver Award recognising the even higher quality menu of locally sourced organic produce. We have also worked to introduce the free school meals for infants' scheme from September 2014.

Children's weight management services have seen similar growth, but are at an earlier stage of development. The Family Lifestyle Club (FLiC) will see an increase in group courses from 13 to 21 in 2014-15 and specialist 1-1 sessions will increase to 80 per year, with courses in every district. 93.5% of FLiC Patients achieved a stable or decreased body mass score. New programmes have also been commissioned to increase awareness and referrals to children's weight management services, including Food Routes and Big Cook, Little Cook. Two new commissions have focused on children's physical development. The first, focused on active play in early year's settings, has run 30 training sessions for 100 early year's settings and the second aims to assess and improve the fundamental movement skills of primary school children.

**Help to Children with Long-Term Health Conditions** – our Public Health Team commission the Healthy Child Programme for school age children and young people through the School Nursing Service. The School Nursing Service specification includes supporting children, young people and their parents/carers and schools to manage health needs associated with long term conditions and disabilities. School nursing input in Special Schools is jointly funded by public health and the Special Schools themselves.

**Breastfeeding** prevalence at 6-8 weeks after birth is lower than the England average with only 44% of babies' breastfed at this stage. Peer support schemes have been targeted in North West Leicestershire and Hinckley and Bosworth providing a coordinator to aim to increase rates.

**Child Oral Health** – we are responsible for ensuring that regular oral health surveys are undertaken. A survey of the oral health of five year olds was conducted in 2012 and published in autumn 2013. This identifies the prevalence and severity of dental decay by measuring the number of decayed, missing and filled teeth. Data from the survey shows that the prevalence and severity of tooth decay in some districts of Leicestershire is higher than the England average. The data is being used to develop an oral health promotion plan, including training frontline staff to deliver basic oral health promotion advice and developing a range of information materials to offer families for different stages in their child's oral development. In addition it will include

training for staff in pre-school settings to undertake supervised tooth brushing with children in their care. A major factor in tooth decay is the frequent intake of refined sugar, which also contributes to other health problems such as obesity. Work underway to improve the diet of families with young children will therefore also contribute to the improvement of oral health more widely.

### **Early Detection and Treatment of Mental Health Problems in Children –**

Leicestershire Healthy Schools provides guidance and support services to schools on the emotional, mental health and wellbeing of children and young people. Training has been delivered to school staff to help identify mental health issues and support children and their families. During 2013 approximately 180 staff from Leicestershire benefitted from free training. Specialist training on using Cognitive Behavioural Therapy for children has also been provided. The Leicestershire Psychology Service (LPS) provides 'Think-Wise' group work for children in year 5 who are at risk of low mood. A staff advice service also provides telephone support for front-line staff concerned about the emotional or mental health of a child or young person. In 2013/14 the service took almost 1,000 calls.

LPS contributes to the Systemic Family Therapy Project to provide additional support for children and young people missing school for mental health reasons. The LPS Emotional Literacy Support Assistant Programme is also training Learning Support Assistants to work with children experiencing relationship and behaviour difficulties in school. In about a quarter of cases the child was referred for assessment by the specialist Child and Adult Mental Health Service (CAMHS). Other cases were offered support, guidance or signposting to community based services. 1,660 children received an assessment or support from CAMHS throughout the year for a range of mental health difficulties such as depression, anxiety, self-harm, eating disorders and developmental conditions such as autism and Attention Deficit Hyperactivity Disorder.

### **Supporting Families**

**Targeted Early Help** - targeted 'early help' describes the type of support given to families by a range of agencies to stop problems happening and to tackle them as soon as possible. During 2014 work to strengthen the integration of early help services continued, supporting improved joining up between services and agencies working with children and families. The new arrangements have supported a 60% increase in early help assessments during the year and a 10% reduction in families needing to be assessed by social care. During the year Children's Centres, Family STEPs, Youth Services and Supporting Leicestershire Families supported an average of 5,246 individuals every 3 months. In February groups were given the opportunity to bid for grants from a £400k fund to help organisations that work with young people to prevent problems growing and to boost their skills. The Early Help grants are available for groups who work with young people aged 11 to 19 or young people with learning disabilities aged to 24.

**Childrens Centres** – children's centres in the County continue to improve. During the year OFSTED ranked five out of six Children's Centre areas as 'good', the second best rating. The centres provide support and information for families with children up to five years old. Activities include healthy eating advice, parenting advice, speech and language training and training support.

**Supporting Leicestershire Families** – during 2014 our Supporting Leicestershire Families service supported 338 families. Families receiving support achieved notable results in reducing incidents of domestic violence (66%), reducing anti-social behaviour (47%) and reducing the number of families at risk of homelessness (18%). The rates of engagement with families has been very high, with 93.5% of those referred engaging with the Family Support Workers. Alongside this Leicestershire has been successful in delivering the National Payment by Results programme by succeeding in ‘turning around’ the lives of 100% of the identified 810 families. The Government praised the scheme and partners for running one of the most effective services in the country. Due to this success Leicestershire has been identified as one of the early entry areas for the expanded phase two supporting families’ programme.

## **Safer Communities – A Better Environment/Place**

We place high priority on keeping Leicestershire communities as some of the safest in the country by minimising crime and antisocial behaviour, reducing youth offending, supporting the victims of crime, ensuring the safety of our roads, and consumer protection services.

**Crime Minimisation** - many factors affect crime and disorder and it can have a significant impact on people's health, well-being and quality of life. So all our services, working alongside communities themselves, have an important role to play in keeping individuals and communities safe. We consider crime and disorder across the breadth of our services and work closely with the Police and Crime Commissioner and partners such as the police and District Councils, as part of Community Safety Partnerships, to ensure that effective action is taken to prevent and minimise crime and to provide support to the victims of crime. Our Police and Crime Panel holds the Police and Crime Commissioner to account and during the year has raised a number of issues including the response to crime trends, the need for improved partnership working and the impact of Police Change Plans on local communities.

**Youth Justice** – we continue to implement our Youth Justice Plan to reduce youth offending, reoffending and minimise custodial sentences for young people. Our Youth Offending Service continues to achieve success in reducing first time entrants to the criminal justice system. 2014 saw the lowest recorded number of young people entering the system for the first time since monitoring began in 2005 and Leicestershire also continues to perform well on the level of young people re-offending, with rates lower than both regional and national averages. A 'pop up' prison cell is being used in a new project to teach young people about the reality of receiving a jail sentence. The Crime and Time initiative has been developed by our Youth Offending Service in conjunction with the Probation Trust and Soft Touch Arts and sees the cell taken to schools, youth groups and those at risk of offending.

**Anti-Social Behaviour (ASB)** - we have continued to develop our approach to supporting vulnerable people affected by anti-social behaviour, through revamping and extending our Keep Safe Places initiative and rolling out training to ensure all front-line officers recognise and respond to mental health issues appropriately. Our Keep Safe Places scheme supports people who feel vulnerable, upset, scared or distressed. Set up in libraries, shops, including Age UK shops, and businesses, staff can offer immediate reassurance to anyone that needs it. The initiative has been developed by the Council in partnership with the police, district councils, community partnerships and Age UK. There are now 54 Keep Safe Places across Leicester and Leicestershire where people can go when feeling vulnerable.

Our partnership Trick or Treat campaign in 2013/14 and our overarching Respect/Tolerate campaign to address ASB have both had national recognition as good practice and we have worked to ensure we are able to make the most of new legislation to address ASB with a consistent response across the County. A smaller proportion of people now feel they have been affected by anti-social behaviour and more people feel the police and councils are successfully dealing with ASB and crime in their local area. A new youth café opened in Thurmaston in February, set up by our IMPACT Project following consultation with residents and teenagers about provision in

the area. The youth café hosts activities focussing on music, arts and sports and aims to help reduce anti-social behaviour in the village.

**Domestic Abuse** - we continue to fund services to support those affected by domestic abuse, as well as developing our approach to identify, respond to and prevent it. We have led a single risk assessment approach across all key partners, and have helped to implement the 'Clare's Law' Domestic Abuse Disclosure Scheme locally, supporting people to be informed of a significant abusive history of partners. We supported the introduction of the county domestic abuse helpline in 2013, providing advice and information for anyone affected by domestic abuse. The line has received 640 calls since it was launched in April. Specialist support services have supported over 1,000 people in Leicestershire to improve their safety and support their recovery from the significant impact of abuse.

**Community Cohesion** – we continue work to strengthen community cohesion, supporting communication across community groups such as through the Interfaith Forum and significant events for cohesion, such as the Srebrenica memorial in July. At present 93.8% feel that people from different backgrounds get on well in the local area. In December six young looked after children were supported in a trip to Auschwitz to learn about the holocaust. A documentary of the trip was recorded for use in schools to promote how damaging stereotypes and prejudice can be. Women across the world and the ages were celebrated as part of International Women's Day in March.

**Preventing Violent Extremism** – our learning and development team are supporting delivery of the Prevent Strategy within the Council and more widely in Leicestershire, through close partnership working with other organisations and building preventing violent extremism messages into regular training. We have supported delivery of training to over 350 front-line workers to ensure staff identify risks of extremism and respond appropriately.

**Hate Incidents** – we are working with the police and district councils to encourage people to respect difference and reduce hate incidents through our annual Stop and Tell campaign. Our Hate Incident Monitoring Project continues to raise awareness of how Hate Incidents can be reported and responded to through work with schools, community centres and groups such as through the Respect Difference: Say No to Hate campaign launched in March 2014. A range of awareness raising events including displays at libraries, reporting centres, staff training days, road shows and school assemblies also took place during 2014.

**Road Safety** - the number of people killed or seriously injured on the roads in Leicestershire further reduced in 2013 to 186 from our record low of 196 the previous year. Whilst the number of casualties on our roads increased very slightly in 2013 there were fewer than previous years and 28% (almost 750) fewer than in 2006. Last year's local safety scheme programme included the introduction of traffic signals on a busy roundabout in Wigston. 26 people had been injured at the spot over the last five years and the improvement work, costing in the region of £260,000 makes cycling through the junction safer. In August we launched consultation on a new scheme to improve road safety in Syston. Almost 400 young people took advantage of our pre-driver days at Mallory Park and Bruntingthorpe in 2013. The day focuses on driver

responsibility, impairment and the costs of motoring. Our Road Safety Tutors delivered three nationally approved levels of cyclist training to over 5,500 primary school children. Driver education is an increasingly important part of speed management and, in 2013, some 14,800 drivers across the police area opted to attend Speed Awareness courses. Through the Leicester, Leicestershire and Rutland Road Safety Partnership a series of publicity campaigns have also been reminding drivers to drive responsibly.

**Safer Consumer Goods and Trading** - our Trading Standards Service continues to ensure safe and fair trading, principally through advice and guidance to businesses, but also in bringing cases before the courts. The service provided advice and guidance to 1,313 local and national businesses trading within the County, to help them comply with their legal responsibilities. During the year, fifteen cases were brought before the Courts and all resulted in convictions. Seven defendants received a community punishment order, suspended sentence or imprisonment and fines and costs awarded totalled more than £30,000. Almost £50,000 was taken from the defendants by the courts. In twelve other cases we obtained statutory cautions and/or 'undertakings' from the businesses concerned. Overall approximately £887,000 worth of counterfeit goods was seized including significant quantities of illicit tobacco. Officers also campaigned to crack down on cut-price harmful cigarettes by demonstrating the lethal ingredients used. Almost a fifth of Leicestershire retailers sold age restricted products to children during trading standards test purchasing operations last year. Officers carried out tests using volunteer children covering products such as alcohol, cigarettes, knives and gas.

## **A Better Environment**

Protecting the environment and rural character of the county is an important issue and we are implementing a range of plans to do this including our Environment Strategy, Carbon Reduction Strategy, Climate Ready Plan and Waste Management Strategy.

**Reducing our Environmental Impact** - as part of our environment strategy we continue to mitigate environmental risks across the authority and implement schemes to reduce our environmental impact. We have made good progress on reducing our environmental impact overall. Our total waste produced from our operations continues to fall, whilst our recycling rate continues to increase - improving to 63%. From April 2014 a new contract for internal waste is supporting further recycling improvements. We have taken on a new waste partner which will further reduce waste to landfill. We have also begun to collect high value materials, such as office paper, to sell to the industry, which is expected to further improve our performance and reduce costs. During 2013/14 we introduced a new green driver training course aimed at improving staff safety and Council fuel economy. 30 courses have run so far resulting in an average 7%+ improvement in miles per gallon.

**Reducing Carbon Emissions** – we are playing an important role in leading action to reduce carbon emissions and address climate change. We have developed a new Carbon Reduction Strategy and implementation plan outlining how we will work with partners and residents to reduce Leicestershire's carbon emissions to 4.4m tonnes per year by 2020. Leicestershire currently emits the equivalent of 7.3 tonnes of carbon



dioxide per person. Our programme of street lighting switch-off, dimming and part-night-lighting continued during 2014 and has reduced carbon emissions by 9% compared to 2008/9, saving over 1,400 tonnes of carbon per year. The Council has been rated in the top 10% of authorities for carbon emissions saved, with savings by the council's dry recycling, garden, and food waste services at 92kg per person in 2013. We have agreed a new plan for reducing energy consumption and utilising more renewable energy in our buildings, including making improvements to windows, lighting and installation of 600 solar panels. The work should save more than 400 tonnes of carbon emissions per year. Our work so far has resulted in a reduction in the cost of our carbon emissions through the Carbon Reduction Commitment Payments from £642,336 in 2012/13 to £570,540 in 2013/14. We have also put a number of initiatives in place to reduce the emissions from our council fleet vehicles including improved journey planning, fuel management and transport monitoring processes, alongside fleet rationalisation and acquisition of more efficient vehicles.

**Resilience to and Mitigating the Impact of Climate Change** – flooding causes damage and disruption and increased heavy rainfall over the past two years suggest the risk is growing. As the Lead Local Flood Authority we have a duty to assess flood risk and have therefore completed a Preliminary Flood Risk Assessment and a Surface Water Management Plan for Loughborough. We are also working to develop a Severe Weather Impact Monitoring System to better understand the impact of climate change on our county and our resilience to climate change. In January homeowners in Charnwood were invited to a flood fair to find out about the local flood risk and hear practical advice on protecting their property including a personal flood plan, flood protection products and a free flood warning service.

**Sustainable Waste Management** – local landfill tax costs taxpayers over £6m per annum. We have reduced waste to landfill from 50% to 31.4% and aim to reduce this further. To do this we will continue to seek opportunities to prevent waste and increase reuse, recycling and composting. Our work on, reuse, recycling, composting and waste treatment last year supported a diversion of approximately 236,000 tonnes of waste from landfill.

**Waste Prevention and Reuse** – whilst the total amount of waste rose in 2013/14, linked to the improving economy, we continue our education and campaign work to support prevention and reuse of household waste as well as recycling and composting. Our programme of work last year included the delivery of 55 classes focussing on waste prevention and re-use and 30 presentations and activities with schools and community groups. We continue to operate our Freeuse website where Leicestershire residents can upload items they no longer want and others can claim them for free. The website has enabled more than 170 tonnes of waste to be diverted from landfill since it was set up. In January 2014 a swap and fix event was held in Coalville with experts on hand to carry out home repairs on clothing, furniture and bikes. A family from Loughborough who cut their food waste by nearly 90% achieved first place in our Leicestershire Food Waste Challenge. The scheme shows that by making a few small changes people can save an average of £645 per year on food bills and do their bit for the environment.

**Recycling and Composting** - changes to Environment Agency guidelines in 2013, recycling market pressures and rising waste have contributed to a drop in recycling

performance this year. To mark Compost Awareness Week our waste partnership offered a number of home compost bins at reduced rate bargain prices. We also delivered a programme of training opportunities for the Master Composters and Waste Action Volunteers and sold over 1,300 home compost bins.

**Household Waste Sites** - we continue to improve our Recycling and Household Waste sites to support effective recycling, waste recovery and disposal. A £3.4m scheme to improve Leicestershire's busiest site at Whetstone, which receives 20,000 tonne of waste per annum, was completed in January. The site includes improved layout, access and parking and a new waste disposal area with easy access skips. The development also includes an improved waste transfer facility. We also constructed a new Waste Transfer Station at Loughborough. A survey of site users, carried out to support ongoing improvement, showed an overall customer satisfaction level of 97.5%.

**Better Place - Enhancing and Protecting Our Natural and Historic Environment** - we continue to exploit opportunities to make Leicestershire a better and more attractive place and seek sources of funding to ensure we have a good tourist, natural environment, historic and cultural offer.

**Green Spaces** - we continue to support high quality green spaces and an enhanced natural environment that contributes to the wellbeing of Leicestershire communities. We have worked to ensure green spaces and the natural environment are key considerations within landscaping of major projects, including Loughborough and other town centre transformations. We have also supported development of the natural and historic environment through assisting Parish and Town Councils with a range of local improvement projects including gateway features and WW1 memorials. The County Council's three major Country Parks: Watermead, Market Bosworth and Beacon Hill all retained their green flag status for the high standard of these spaces. Improvements this year include the installation of new play areas in Market Bosworth and Beacon Hill Country parks, along with a new array of wooden sculptures. Our parks are also being used as venues to train volunteers to get to grips with countryside skills such as willow-weaving. In August our new map showing the entire Charnwood Forest Regional Park won the Ordnance Survey Open Data Award at the Cartographic Society annual awards. The map is encouraging new visitors to discover what Charnwood Forest has to offer.

**Stepping Stones** - to celebrate 21 years of our Stepping Stones Partnership we planted 2.1km of new hedgerow across the Stepping Stones project area, in partnership with the Woodland Trust. The Stepping Stones project itself supported 14 green infrastructure projects through its suite of grant schemes aimed at assisting community groups, schools, parish councils and farmers to improve their local area. Alongside this our Plugs for Bugs grant scheme has proved popular and supported the planting of 18 new wildflower areas. We have also trained over 75 people in rural skills and as Tree Warden volunteers to support the ongoing effective management of the natural environment in Leicestershire.

**Waterways** - we have played an important role in securing funding and supporting action as part of partnerships to develop our waterways, such as the Ashby Canal and River Soar. In May we supported the Moira Canal festival in conjunction with the



Ashby Canal Trust. The trust is one of a number of partners working with us on a multi-million pound project to restore an eight-mile stretch of the canal with a recent cash sum helping extend the canal from Snarestone towards Measham. We have also designed and overseen the implementation of works at 5 farmland sites with initial data indicating positive water management benefits.

**Better Place** - in June we launched a set of new galleries at Bosworth Battlefield Heritage Centre, the first significant changes to the displays since the discovery of King Richard III's remains. The new galleries revitalise the story at Bosworth including the search for the lost battle location, realised in 2009. The launch of the galleries preceded the unveiling of a new work of art entitled Towards Stillness - commissioned by the Council at Leicester's Cathedral Gardens. This forms part of our £250,000 contribution towards the redevelopment of the gardens. Funding has also been secured through the Local Growth Fund for progressing the Bridging the Gap Great Central Railway project, which when complete will further add to the tourism offer of the County.

**Museums** - in April the doors opened at a new look museum and library in Market Harborough. The work, undertaken as part of the £5.75m transformation of the Symington Building, involved the re-installation of the museum's collections including the Hallaton Treasure. More than twice as many objects are now on display. The integration with the library has created an innovative new cultural space for Harborough with positive impacts on visits and book loans. A range of new resources have also been made available at Melton Carnegie Museum forging stronger links with the Defence Animal Centre in the town, following a grant from the Ministry of Defence. The 'Wellbeing Hi-5' programme which highlighted the health benefits of taking part in cultural activities completed a second successful year. We also carried out a major consultation on proposals to turn Snibston into a mining museum, improve the country park and engage with volunteers and the community, to preserve its colliery heritage as well as to contribute required savings as part of our Medium Term Financial Strategy.

**Online Heritage** - in October we launched a new website with approaching 7,000 images of Leicestershire's past from our heritage collections. Image Leicestershire showcases a selection of the cultural and historical life of the County. The site also includes World War One images to tie in with the centenary commemorations. The Arts Council also approved the Click Connect Curate Create project to explore digitisation and emerging technologies to provide access to museum collections. In December a new iPhone and Android mobile phone app was launched providing visitors with an enhanced experience of the Melton Mowbray heritage trail – making it easier for visitors to follow the trail and find out about the local area.

**Green Plaques** – in April we announced the first 6 winners chosen to be honoured with the new Green Plaque award. The award recognises and celebrates the people and places that have made an important and enduring contribution to the County. June saw the installation of the first plaque in Thringstone, in honour of the philanthropist and social reformer Charles Booth.

**Library Service** - at the end of June we launched the Summer Reading Challenge for 4-12 year olds. The event is the UK's biggest reading event, with 12,000 youngsters

taking part across Leicestershire and volunteer opportunities for 50 young people. A major consultation on proposals for possible changes to the operation of the library service was completed, seeking views about proposals to continue to operate the 16 most used libraries and supporting communities to run the other 36 local libraries. The options, which aim to contribute to required savings, recognise the growth in e-book and internet usage and further encourages the use of libraries as community hubs. The Words on the Street programme continued to attract major authors to Leicestershire to talk about their work. In partnership with the Adult Learning Service, redevelopments in Wigston, Shepshed, Birstall and Lutterworth libraries have enabled additional learning activity to take place through the creation of additional classroom space.

**Century of Stories and War Memorials** - with help from a Heritage Lottery Fund grant we are supporting a four year Century of Stories programme of activities focusing on the contribution Leicestershire people made to World War I and how the conflict affected the county. We also pledged backing and £5,000 for the Royal Leicestershire Regiment memorial at the National Memorial Arboretum. The Regiment – ‘the Tigers’ - are an important part of the county’s rich history. A memorial commemorating County officers who lost their lives in the Second World War was also re-dedicated at the Armistice Day service.

# **ANNUAL PERFORMANCE REPORT 2014**

## **Part B**

### **Performance Data Dashboards**

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Health & Social Care Integration	5
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Safer Communities - Better Environment/Place	14

## **Introduction**

In order to measure our progress against our priority outcomes, we are tracking a number of key performance measures for each of the outcomes. These are summarised in a set of theme dashboards with ratings that show how our performance compares with other areas where known, whether we have seen any improvement in performance since the previous year and whether we have achieved any target set for that outcome.

As well as this annual report we also publish theme dashboards on our website on a quarterly basis so that our overall performance progress is transparent.

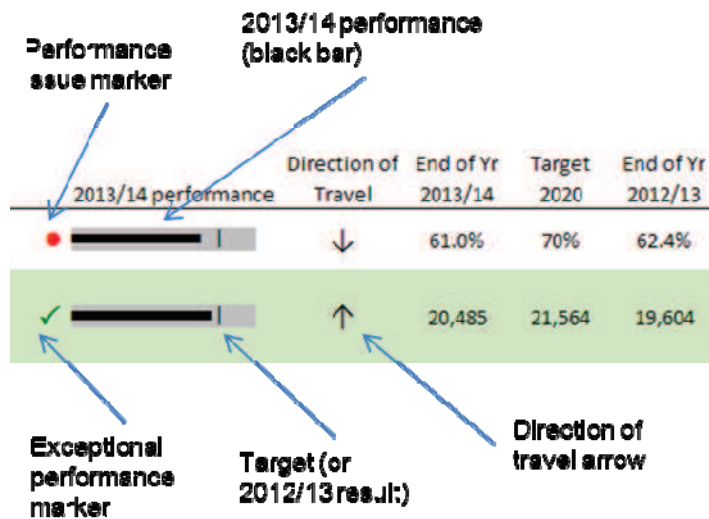
Overall the report shows continued good progress by the County Council and partners in delivering on local outcome priorities.

Comparative analysis shows that Leicestershire continues to be one of the top performing areas in the Country with a number of top performing services. More information on service performance and progress is set out in the individual theme sections of the report.

## **Explanation of Performance Indicator Dashboards**

The performance dashboards set out year end results for a number of the performance indicators (PIs) that are used to help us monitor whether we are achieving our priority outcomes. These outcomes have been identified within our Strategic Plan. Many indicators relate to more than one theme, but in this report, each indicator has been assigned to just one theme. Where relevant, the performance sections show 2013/14 year end outturn against performance targets or indicators (where applicable), together with comparative performance information where available and commentary on performance. Where it is available, the dashboards indicate which quartile Leicestershire's performance falls into. The 1st quartile is defined as performance that falls within the top 25% of relevant comparators. The 4th quartile is defined as performance that falls within the bottom 25% of relevant comparators. Each dashboard uses different comparator groups and these are explained at the bottom of each dashboard. The polarity column indicates whether a high or low figure represents good performance.

The report uses performance dashboards for each theme to display performance data so that important information and risks can be identified more readily. A dashboard is a visual display of the most important information so that it can be monitored at a glance. The report uses 'bullet charts' to display performance against targets as shown below.



- The vertical black line shows our target for 2013/14 (or the 2012/13 result where no target has been set).
- The black bar shows our end of year figure for 2013/14. Where the black bar extends beyond the vertical line, the target has been met.
- A red circle indicates a performance issue.
- A green tick indicates exceptional performance.
- The direction of travel arrows indicate an improvement or deterioration in performance compared to the previous result.

## Leadership & Transformation

Description	2013/14 performance	Direction of Travel	End of Yr 2013/14	Target 2017/18	End of Yr 2012/13	Commentary	Comparative position	Polarity
<b>Customer Services &amp; Digital Delivery</b>								
% think Leicestershire County Council doing a good job		↑	52.1%		51.5%	Results show an improving trend over the past 3 years.		High
Media Rating - number of points	✓	↑	8353	6000	7868	Result exceeded target. Campaigns continue to support Council priorities such as environment & waste, community safety and adult social care information.		High
% satisfied with the overall service from the Customer Service Centre (Cmetrix ratings)		-	77%	80%		Results from new tool to better measure customer satisfaction - findings are being used to further improve the service. Results reflect summer 2014.		High
County Council website star rating (SOCITM)		→	2	3+	2	A major project is underway to redevelop the website and widen the range of online services. 188 of 409 local authority websites are rated 3 or 4 stars.	3rd	High
Number of unique website visits to the LCC website		-	1.35m			Work is underway to exploit web analytics to better target services and the digital offer.		
Number of complaints reported		↑	271		234	The aim is to maximise the reporting of complaints in order to learn from customer issues and improve services. Evidence suggests reduced complaints in areas targeted for improvement.		High
<b>Communities</b>								
Number of volunteer enquiries (VAL)	✓	↑	5,019		3,509	Significant increase in volunteer enquiries. New Communities Strategy will target volunteering support more towards vulnerable groups.		High
% of volunteers that take up volunteering opportunities (VAL)		↑	46%		44%	Numbers of volunteers taking up opportunities increased.		High
<b>Finance, Procurement &amp; Commissioning</b>								
% agree County Council provides value for money	✓	↑	61.20%		48.30%	Results have improved significantly over the past 3 years and are significantly better than the Eng. Ave. of 48%. May reflect increased focus on efficiency savings and 4 year Council Tax freeze.	1st/2nd	High
Net expenditure per head of population	✓	-	£538		£526	Leicestershire remains an efficient, low spending authority compared to others. Leicestershire is among the 4 most efficient counties for spending on education, highways, children's and adult's social care.	1st	Low

## Leadership & Transformation

Description	2013/14 performance	Direction of Travel	End of Yr 2013/14	Target 2017/18	End of Yr 2012/13	Commentary	Comparative position	Polarity
Efficiencies and other savings achieved		-	£22.2m		£25.91m	The Council's Transformation Programme continues to progress delivery of efficiencies and savings.		
County Council procurement spend with SMEs	✓	↑	52%	45%	50%	The Council is a member of the LLEP Procurement Taskforce, which aims to make successful procurement achievable for SME businesses based within the LLEP area.		High
County Council procurement savings	✓	↑	£7.41m		£2.19m	Figure excludes savings projects which may have a procurement element but which are not exclusively the results of procurement activity.		High
<b>Equalities and People Strategy</b>								
% staff satisfaction with County Council as an employer		→	76%	85%	76%	No update to previous survey result - variety of mechanisms such as 'Speak-up' and CMT Roadshows capture employee views which are used to inform People Strategy improvements.		High
Working days lost to sickness	●	↓	9.47	7.5	9.22	Performance has slipped back to the Eng. Ave. of 9.4 days. Analysis underway to identify trends, patterns of absence and possible causes. Sickness absence management processes to be reinforced.	2nd/3rd	Low
Equality framework for local government	✓	→	Excellent	Excellent	Excellent	The authority continues to be recognised for its good equality and human rights practices. Work continues to further improve.	1st	High
% of whole workforce from a BME background		↑	8.84%	10%	8.64%	Targets are designed to achieve the same level of representation of those from BME backgrounds as within the local population, based upon the 2011 census.	2nd	High
% of whole workforce that is Disabled		→	4.57%	5%	4.61%	Targets are designed to achieve the same level of representation of those with disabilities as within the local population, based upon the 2011 census.	4th	High
% of employees graded 13 and above that are women		↑	53.62%	55%	52.83%	Eng. Ave. 53%. Work continues to support female staff development through the spring forward positive action programme.	2nd	High
% of the workforce that feels that LCC is committed to equality & diversity		→	91%	90%	91%	No update to previous survey result. Feedback from workers groups is used to continue to improve.	4th	High
Stonewall Workplace Equality Index Ranking	✓	↑	11		20	The county council has climbed the ranking for the fifth consecutive year.	3rd	Low

### Notes

Comparators are other county councils


\* Comparators are all entrants in the Stonewall Workplace Equality Index



## Enabling Economic Growth

Description	2013/14 performance	Direction of Travel	End of Yr 2013/14	Target 2020	End of Yr 2012/13	Commentary	Quartile position <sup>#</sup>	Polarity
<b>Infrastructure for Growth</b>								
Productivity and competitiveness (total GVA) (Leics, Leicester & Rutland)		→	£18.6bn	£23bn	£18.7bn	Data shown is for 2012 and 2011.		High
Productivity and competitiveness (GVA per head) (Leics & Rutland)		↓	17,950	23,500	18,410	Data shown is for 2012 and 2011.	2nd	High
% of population with access to high speed broadband		↑	73%	93.80%	67.9%	These are indicative figures from national sources. £18.6m Rural Broadband Programme underway and starting to deliver improvements.		High
<b>Strategic Transport Infrastructure</b>								
Average vehicle speeds during the weekday morning peak (7am-10am) on locally managed 'A' roads in Leicestershire (mph)		↓	30.7	29.4	31.3	Latest data is for period 2012/13, previous data is for period 2011/12. We continue to target congestion hotspots through various schemes and initiatives	2nd	High
Total CO2 emissions in the local authority area originating from road transport (DECC) (kilotonnes).		↑	1,807	<1894	1,824	Latest data is for period 2012, previous data is for period 2011.		Low
<b>Sustainable Transport &amp; Road Maintenance</b>								
% of the classified road network (A, B and C class roads) where structural maintenance should be considered (SCANNER)	✓	↑	4%	5-6%	5%	The condition of Leicestershire highways remains at a good level and amongst the best in the country.	1st	Low
% of network gritted	✓	→	45%	45%	45%	We expect to grit all of our priority routes 1 and 2 (which cover 45% of the network).		High
Overall satisfaction with the condition of highways (NHT satisfaction survey)		↓	34.0%	top quartile	38.2%	We have the highest overall customer satisfaction rating compared to all other County Councils taking part in the survey.	1st	High
Satisfaction with cycle routes/lanes & facilities		↑	44.4%	-	39.3%	We continue to invest in improved routes and facilities, particularly in our priority areas.	1st	High
Number of bus journeys		↑	13.64m	13.6m	13.5m	Work to improve bus infrastructure continues, particularly in our priority areas.	4th	High
<b>Business Growth &amp; Support</b>								
Number of new enterprises per 10,000 population		↑	64.9		64.2	Data shown is for 2012 and 2011. A range of business growth and business support initiatives are planned or underway to encourage new enterprise.	3rd	High
3 year business survival rates	●	↓	61.0%	70%	62.4%	Data shown is for 2012 and 2011. A range of business growth and business support initiatives are planned or underway to support business survival.	4th	High

## Enabling Economic Growth

Description	2013/14 performance	Direction of Travel	End of Yr 2013/14	Target 2020	End of Yr 2012/13	Commentary	Quartile position <sup>#</sup>	Polarity
Number of jobs supported by tourism activity (Leicester & Leics)	✓ 	↑	20,485	21,564	19,604	Data shown is for 2013 and 2012. Sustained growth across a five-year period, and out-performing regional average. Contract and activity with Leicestershire Promotions continues to promote tourism.		
Economic impact value of tourism (Leicester & Leics)	✓ 	↑	£1.481bn	£1.533bn	£1.395bn	As above		High
<b>Employment &amp; Skills Support</b>								
% Achieving a level 2 qualification by the age of 19		↑	85.0%	88%	83.7%	Data shown is for March 2013	3rd	High
% of working age population with at least NVQ2 level qualifications	✓ 	↑	74.1%		72.7%	Equivalent to 5 GCSEs at A* to C - considered labour market entry qualification.	2nd	High
% of working age population with at least NVQ4 level qualifications		↑	33.0%	35%	30.4%	Latest data shows an improvement.	4th	High
Unemployment rate (JSA claimant count)	✓ 	↑	1.2%	1.1%	2.0%	This is the lowest rate since August 2008 (Data shown is for June 2014)	2nd	Low
Employment rate		↓	73.2%	75.6%	74.4%	Of the 92,200 economically inactive we know that 75% do not want a job. Reasons include 26% are students; 23% are looking after home/family; 17% are long term sick and 20% are retired.	4th	High
16 to 18 year olds who are not in education employment or training (NEET)	✓ 	↑	3.4%	<4%	3.5%	The NEET rate continues to be among the lowest in the country. (Data shown is the average for November, December & January)	3rd	Low
Participation in education employment or training (EET) at age 17	✓ 	↑	94.8%	97%	87.8%			High
<b>Housing, Infrastructure &amp; Planning</b>							2nd	
5 Year Supply of Deliverable Sites - housing units	✓		18,452			Good supply of housing development being supported in Leicestershire.		High
Net additional homes provided	✓ 	↑	2,369		1,888	Significant rise compared to previous year.	3rd	High
Number of affordable homes delivered	✓ 	↑	539		386	Significant rise compared to previous year. Data excludes Oadby & Wigston Borough	3rd	High

### Notes

Comparators are other county councils

## Health & Social Care Integration

Note: 'ASCOF' refers to the Department of Health Adult Social Care Outcomes Framework

Description	2013/14 performance	Direction of Travel	End of Yr. 2013/14	Target 2017/18	End of Yr. 2012/13	Commentary	Comparative position - quartile	Polarity
<b>Unified Prevention Information &amp; Urgent Response</b>								
Permanent admissions of older people to residential and nursing care homes per 100,000 pop (ASCOF 2A Pt II) (BCF)		↑	756.2	670.39	798.1	During 2013/14 there were 920 people aged 65 or older admitted to permanent care in either a residential or nursing setting. This is slightly lower (10 admissions or 1%) than the previous year. The national average in 2013/14 was 673.0 per 100,000 pop and the bottom quartile >772.7 per 100,000 pop	3rd	Low
Permanent admissions to residential or nursing care of service users aged 18-64 per 100,000 pop (ASCOF 2A Pt I)		↓	12.0	13.5	11.0	During 2013/14 there were 50 people aged 18-64 admitted to permanent care in either a residential or nursing setting. This is slightly more than the previous year although performance remains better than the national average of 13.5 per 100,000 pop. and in the second quartile. The top quartile was <9.5 per 100,000 pop	2nd	Low
Non-elective admissions to hospital per 100,000 pop per month (BCF)			672.31	644.57		Target is for December 2015 - actions progressing through new BCF plan implementation		Low
Injuries due to falls per 100,000 pop per month (BCF)			151.42	140.47		Target is for March 2016 - actions progressing through new BCF plan implementation	1st	Low
% of people who use services and carers who find it easy to find information about support (ASCOF 3D)		↓	68.0%	N/A	70.3%	Previous result of this survey question related to service users and carers; 13/14 relates to service users only. The national average was 74.4% and bottom quartile <72.0%. Website and BCF work underway to improve.	4th	High
<b>Long Term Conditions</b>								
Patients satisfied with support to manage long term health conditions (BCF)			64.2%	66.8%		Target is for March 2016 - actions progressing through new BCF plan implementation		High
<b>Improved Discharge &amp; Reablement</b>								
Delayed transfers of care from hospital per 100,000 pop per month (BCF)		↓	361.98	350.48		This indicator measures the number of bed-days taken up due to a delay in hospital discharge. It is presented as a rate per 100,000 of the population aged 18+. Figures represent actual and target for the final quarter of 2013/14 and 2015/16 respectively. Target is for March 2016.	3rd	Low
Delayed transfers of care - adults only		↓	1.1	N/A	0.7	The average number of delayed transfers of care attributable to adult social care only increased from 0.7 per 100,000 population in 2012/13 to 1.1 per 100,000 population in 2013/14	1st/2nd	Low
% of people aged 65+ still at home 91 days after discharge from hospital into reablement / rehabilitation services (ASCOF 2B Pt I) (BCF)		→	78.6%	82.01%	78.6%	Despite an identical figure between 2013/14 and the previous year, performance fell to the bottom quartile due to a small improvement nationally. The average was 85.2% whilst the top quartile was >89.4%. Target is for March 2016 - actions progressing through new BCF plan implementation	4th	High
% of older people discharged from hospital to reablement services (ASCOF 2B Pt II)		↑	3.0%	N/A	2.9%	This indicator relates to the proportion of hospital discharges going through reablement. The national average was 3.1% whilst the bottom quartile was <2.1%. Reablement activity 9% higher than previous year with over half having no further eligible needs.	3rd	High

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## Health & Social Care Integration

Note: 'ASCOF' refers to the Department of Health Adult Social Care Outcomes Framework

Description	2013/14 performance	Direction of Travel	End of Yr. 2013/14	Target 2017/18	End of Yr. 2012/13	Commentary	Comparative position - quartile	Polarity
<b>Personalisation</b>								
% of people who use services who have control over their daily life (ASCOF 1B)		↑	75.0%	N/A	74.4%	The proportion of service users stating that they have control over their daily life increased for the second year running to 75.0%.	3rd	High
% of people receiving home care, community life choices or mobile meals via a personal budget	✓	↑	91.8%	N/A	82.4%	Looking specifically at people in receipt of home care, community life choices or mobile meals, the proportion doing so via a personal budget increased from 82% in 2012/13 to 92% in 2013/14.		High
% of people using social care who receive self-directed support (national, ASCOF 1C Pt I)		↑	51.3%	70%	50.5%	There was a small increase in the proportion of service users receiving support via a personal budget during 2013-14, up to 51.3%. National average of 66.1%.	4th	High
% of users and carers receiving support via cash payments (ASCOF 1C Pt II)		↓	14.8%	N/A	15.3%	Numbers receiving cash payments increased from 1800 to 2100 though the proportion of people receiving services via a cash payment decreased from 15.3% in 2012/13 to 14.8% in 2013/14 due to an overall increase in service users. Work underway to address barriers associated with take up of cash payments.	3rd	High
<b>Dementia</b>								
Dementia diagnosis rate		↑	50.72%*	67%	45.95%*	*Data includes Rutland. Target is for 2015/16.	2nd	High
<b>Learning Disabilities</b>								
% of adults with a learning disability who live in their own home or with their family (ASCOF 1G)		→	61.1%	N/A	61.6%	There was very little change in the proportion of people aged 18-64 with a learning disability who were in settled accommodation during 2013/14. Pathway to Housing Projects working to support people to secure their own homes.	4th	High
<b>Care Quality</b>								
% of people who use services and their carers who had as much social contact as they would like (ASCOF 1I)		-	44.6%	N/A	New in 13/14	This is a new measure introduced in 2013/14 with data sourced from the annual adult social care survey. 44.6% of service users responding to the survey stated that they had as much social contact as they would like; a performance that is above the national average of 43.9%. The top quartile is >46.3%	3rd	High
Overall satisfaction of people who use services with their care and support (ASCOF 3A)	●	↓	60.1%	N/A	67.9%	The proportion of service users stating that they are satisfied with their care and support fell to 60% in 2013/14; a similar level to that of 2011/12. This significant swing across the three years has occurred amongst numerous other authorities also and in some areas at an even larger scale.	4th	High
Number of Care Home QAF providers	✓	↑	51	N/A	35	There are a total of 51 providers that exceeded the "standard quality" of service as outlined in the Quality Assessment Framework during 2013/14.	2nd	High
Social care related quality of life (ASCOF 1A)	✓	↑	19	N/A	18.9	This measure is drawn from a number of questions in the annual survey of service users including such topics as control over daily life, how time is spent, and social contact. Performance remains positive and is above the national average for the second year running.	2nd	High

## Health & Social Care Integration

Note: 'ASCOF' refers to the Department of Health Adult Social Care Outcomes Framework

Description	2013/14 performance	Direction of Travel	End of Yr. 2013/14	Target 2017/18	End of Yr. 2012/13	Commentary	Comparative position - quartile	Polarity
<b>Safeguarding Adults</b>								
% of people who use services who feel safe (ASCOF 4A)	✓	↑	67.3%	N/A	60.3%	The proportion of people saying that they felt safe increased to 67.3%, slightly above the national average. Top quartile is >70.0%	3rd	High
% of people who use services who say that those services have made them feel safe and secure (ASCOF 4B)	✓	↑	90.4%	N/A	89.3%	There was a small improvement in the proportion of service users who responded to the survey saying that services helped them feel safe. As such, performance remains in the top quartile (>85.6%)	3rd	High
<b>Better Public Health</b>								
Life Expectancy – Males (Leics)	✓	↑	80.1	80.3	79.8	Latest data is for the period 2010-12. Males in Leicestershire can expect to live 0.9 years longer than the average for England. To reduce health inequalities we are tackling the wider determinants of health through a range of projects/activity.	1st (Eng.)	High
Life Expectancy – Females (Leics)		↓	84	84.6	84.1	Latest data is for the period 2010-12. Females in Leicestershire can expect to live 1 year longer than the average for England.	1st (Eng.)	High
Slope Index of Inequalities – Males (Leics)	✓	↑	6.1	top quartile	6.4	The gap in life expectancy between the best-off and worst-off males in Leicestershire for 2010-12 is 6.1 years. The average for England is 9.2 years.	1st (Eng.)	Low
Slope Index of Inequalities – Females (Leics)		↑	5.2	top quartile	5.4	The gap in life expectancy between the best-off and worst-off females in Leicestershire for 2010-12 is 5.2 years. The average for England is 6.8 years.	2nd (Eng.)	Low
CVD Mortality (per 100,000 population)	✓	↑	71.2	65.5	72.6	Latest data is for the period 2010-12	1st (Eng.)	Low
Cancer Mortality (per 100,000 population)		↑	135.8	133.1	137	Latest data is for the period 2010-12. Various actions to help people to adopt healthier lifestyles and become more aware of cancer risk factors.	2nd (Eng.)	Low
Respiratory Disease Mortality (per 100,000 population)	✓	↑	25.6	23.6	27.9	Latest data is for the period 2010-12	1st (Eng.)	Low
% of eligible women screened - breast cancer (Leics)		↓	83.4%	top quartile	84.3%	Latest data is for the period 2013. The average for England is 76.3%.	1st (Eng.)	High
% of eligible women screened - cervical cancer (Leics)		↓	78.5%	top quartile	80.0%	Latest data is for the period 2013. The average for England is 73.9%.	1st (Eng.)	High
Prevalence of smoking among persons aged 18 years and over		↓	18.8%	16.3%	16.5%	Latest data is for the period 2012. Data sourced from the Integrated Household Survey. Since 2010 Leicestershire smoking prevalence has been lower than the England average and remains so, current England average is 19.5%. While the county figure has increased since 2012/13, some of the districts have decreased.	2nd (Eng.)	Low

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## Health & Social Care Integration

Note: 'ASCOF' refers to the Department of Health Adult Social Care Outcomes Framework

Description	2013/14 performance	Direction of Travel	End of Yr. 2013/14	Target 2017/18	End of Yr. 2012/13	Commentary	Comparative position - quartile	Polarity
Number of self reported 4 week smoking quitters		↓	4057	5238	4761	2019/20 target. Leicestershire did not meet their challenging 4 week smoking quitter targets for 2013/14, much of the decline has been attributed to the increased use and popularity of electronic cigarettes. New schemes are under development.	2nd (Eng.)	High
Rate of hospital admissions for alcohol related causes (per 100,000 population - Leics)		↓	573	548	556	Latest data is for period 2012/13. Changes to the definition of alcohol related hospital admissions and changes to the European Standard Population have resulted in changes to published baseline data and target. New target will take us to top quartile.	2nd (Eng.)	Low
% who successfully completed drug treatment (non-opiate)		↑	43.8%	48%	35.2%	Data shows completions between Oct 12- Sep 13 with non re-presentations up to March 14. Successful completions and non re-presentations of non-opiates have increased by 8.6%.		High
% who successfully completed drug treatment (opiate)		↓	8.9%	15%	9.2%	Data shows completions between Oct 12- Sep 13 with non re-presentations up to March 14. Successful completions and non re-presentations of opiates have fallen slightly.		High
Percentage of people offered a health check annually that have received a health check (uptake)		↓	49.7%	61.0%	51%	Health check services will be re-procured along with efforts to encourage pharmacies and GPs to work together to improve health check uptake.	2nd (Eng.)	High
% of adults classified as overweight or obese (Leics)		-	65.4%	top quartile	-	Latest data is for period 2012/13. New indicator, data sourced from Active People Survey.	3rd (Eng.)	Low
% people presenting with HIV at a late stage of infection		↑	50%	50%	51.5%	Latest data is for period 2010-12. The average for England is 48.3%	3rd (Eng.)	Low
<b>Better Mental Health</b>								
% of people with a low satisfaction score		→	4.7%	top quartile	4.6%	Latest data is for period 2012/13	1st (Eng.)	Low
% of people with a low happiness score		↓	8.9%	top quartile	8.3%	Latest data is for period 2012/13	1st (Eng.)	Low
% of people with a high anxiety score	✓	↑	21.0%	top quartile	24.3%	Latest data is for period 2012/13	2nd (Eng.)	Low
Excess under 75 mortality rate in adults with serious mental illness		↑	362.6	decrease	419.8	Latest data is for period 2011/12. The average for England is 337.4	3rd (Eng.)	Low
Suicide rate (per 100,000)		↓	7.4	top quartile	7.2	Latest data is for period 2010-12. This is an increase of 6 recorded suicides since the period 2009-11.	2nd (Eng.)	Low
Delayed transfers of care (mental health service users)		↓	6.2%	<=7.5%	3.7%	Data relates to LPT performance rather than social care related delays. Overall performance stays within the Monitor 7.5% target.		Low
Average waiting time for routine referrals to Child & Adolescent Mental Health Services (CAMHS) - weeks		-	9.1	decrease		New indicator		Low

## Health & Social Care Integration

Note: 'ASCOF' refers to the Department of Health Adult Social Care Outcomes Framework

Description	2013/14 performance	Direction of Travel	End of Yr. 2013/14	Target 2017/18	End of Yr. 2012/13	Commentary	Comparative position - quartile	Polarity
% of adults in contact with secondary mental health services living in settled accommodation (ASCOF 1H)		↓	42.2%	increase	45.0%	There was a small reduction in the proportion of people aged 18-64 with mental ill health who were in settled accommodation during 2013/14.	4th (Eng.)	High
Average length of stay - mental health		↓	79.7	decrease	51.8	Data as at March 2014, relates to LPT performance		Low
<b>Better Physical Health, Sport and Physical Activity</b>								
Percentage of Leicestershire population (16+) participating in one or more sports a week for 30 minutes or more.		↑	36.6%	increase	36.5%	Data relates to the 2013/14 Active People Survey Apr 13- Apr 14. Performance is better than the England average of 35.5%	2nd	High
% of physically active children - participation in more than 3hrs a week of community sport only		↑	48.7%	increase	35.3%	Data sourced from Me & My surveys package created by Leicestershire & Rutland Sport.		High
% of physically active children - participation in more than 3hrs a week of curriculum sport only		↑	69.9%	increase	22.4%	Data sourced from Me & My package created by Leicestershire & Rutland Sport. 75.1% of sample took part in over 2.5hrs a week of extra-curricular sports only.		High
% of physically inactive adults		↓	27.5%	decrease	26.0%	Indicator measured through Active People Survey	2nd (Eng.)	Low

### Notes

ASCOF benchmarks are compared to all social services authorities

## Children and Families

Description	2013/14 performance	Direction of Travel	End of Yr 2013/14	Target 2017/18	End of Yr 2012/13	Commentary	Comparative position - quartile	Polarity
<b>Ensuring Children &amp; Young People are Safe</b>								
Core assessments for children's social care that were carried out within 35 working days of their commencement		↓	74.9%		79.5%	New single assessment framework implemented for 2014/15 to improve speed and quality of response to children's needs. The new framework has a national target of 45 days for completion, however a Leicestershire target has been set at 40 days.	3rd (2012/13)*	High
Child protection cases which were reviewed within required timescales		↓	97.9%	100%	100%	100% achieved during the first half of 2013/14	n/a	High
Children becoming the subject of a Child Protection Plan for a second or subsequent time		→	12.6%		11.8%	Within national expected thresholds	2nd (2012/13)*	Low
Hospital admissions caused by injuries in children aged 0-14 (per 10,000 population)	✓	↑	72.4		72.9	Leicestershire maintains top quartile performance.	1st	Low
<b>Children in Care</b>								
Stability of placements - children in care with 3 or more placements in year.		↓	7.7%	<9%	5.7%	Leicestershire has good a performance level on 3 or more placements.	1st (2012/13)*	Low
Stability of placements - children in same placement for 2+ years or placed for adoption		→	64.5%	70%	65.5%	Estimated figure - to be confirmed by DfE in Autumn.	3rd (2012/13)*	High
% children in care achieving level 4 in Reading, Writing & Maths at KS2	✓	↑	53.9%		46.1%	Provisional data.	n/a	High
% children in care achieving 5+ A*-C GCSEs at KS4 (inc. English & Maths)	●	↓	7.7%		9.1%	Provisional data received suggests the 2014 figure will show a reduction. Not directly comparable due to changes in the way qualifications are counted.	4th (2012/13)*	High
Total average time in days to place with prospective adopters	✓	↑	583		596	Data is 3 year averages for 2010-13 and 2011-14. Increase in number of children adopted during 2013-14 to 48 compared to 19 in 2012-13.	2nd (2012/13)*	Low
% children who wait less than 20 months for adoption		↓	60%	65%	63%	See data comment re significant increase in the number of adoptions in 2013/14.	1st (2012/13)*	High
Care leavers aged 19, 20 and 21 not in education, employment or training		-	38.9%			New indicator this year. Children in Care service working closely with Prospects to identify those in need of support.	Avail Dec.	High
Care leavers aged 19, 20 and 21 in suitable accommodation		-	61.1%			New indicator this year.	Avail Dec.	High



## Children and Families

Description	2013/14 performance	Direction of Travel	End of Yr 2013/14	Target 2017/18	End of Yr 2012/13	Commentary	Comparative position - quartile	Polarity
<b>Supporting Children &amp; Young People to Achieve Their Potential</b>								
<b>School admissions and quality</b>								
% of pupils offered first choice primary school		↓	90.0%	90%	92.0%	A slight drop owing to the rising population. New school place plan and funding progressing.		High
% of pupils offered first choice secondary school		↓	96.2%	98%	97.4%	Minimal change from good overall performance.		High
% of providers in early years assessed as good or outstanding		↑	75.5%		73.0%	Slight improvement in assessment of Early Years providers.	4th	High
% of schools assessed as good or outstanding		→	82.0%	>84%	82.0%	Inspections across schools remain positive despite tougher inspection regime.	2nd	High
Secondary school persistent absence rate		↑	7.4%	6.4%	8.2%	A small reduction in persistent absence alongside improved identification.	3rd	Low
<b>Early Years &amp; Key Stage 1</b>								
% take-up of free early education by 3 & 4 year olds		↑	88.4%	95%	83.1%	Good increased take-up of free provision.		High
% Achieving Good Level of Development (early years)	✓	↑	58.3%	60%	46.4%	Achievement in Leicestershire has risen significantly and is now closer to the national average.	4th	High
% Inequality gap in achievement across early learning goals		↑	30.8%		33.6%	The gap between the lowest performance and the rest has reduced.	3rd	Low
Key Stage 1 Average Point Score		↑	16.1		16.0	Strong Key Stage 1 performance was maintained	1st	
<b>Key Stage 2</b>								
Achievement at level 4 or above in Reading, Writing and Maths at Key Stage 2		↑	78.6%	85%	74.2%	More children in Leicestershire have achieved the threshold this year after this was identified as an area for improvement.	2nd	High
% pupils eligible for FSM achieving level 4 in Reading, Writing & Maths at KS2		↑	57.6%	Above average	52.0%	Strong partnerships with schools is having a positive impact on pupils learning.		High
2 levels progress in Reading between Key Stage 1 and Key Stage 2		↑	89.8%	Above average	86.0%	Pupil progress from Key Stage 1 to Key Stage 2 has improved.	3rd	High
2 levels progress in Writing between Key Stage 1 and Key Stage 2		↑	91.5%	Above average	88.0%	As above	3rd	High
2 levels progress in Maths between Key Stage 1 and Key Stage 2		↑	87.7%	Above average	85.0%	As above	3rd	High

## Children and Families

Description	2013/14 performance	Direction of Travel	End of Yr 2013/14	Target 2017/18	End of Yr 2012/13	Commentary	Comparative position - quartile	Polarity
<b>Key Stage 4 &amp; 5</b>								
Achievement of 5 or more A*-C grades at GCSE or equivalent including English and Maths (Key Stage 4)		↓	56.0%	70%	59.5%	This is not directly comparable with 2013 due to changes in how vocational subjects are weighted and the counting of the first exam entry only. A fall reflects the national trend.	3rd	High
% pupils eligible for FSM achieving 5+ A*-C GCSEs (or equiv.) at KS4 (inc. English & Maths)		↓	27.9%		28.8%	As above		High
% of pupils making expected progress from Key Stage 2 to 4 in English		↓	67.5%		69.8%	Not not directly comparable to 2013 due to changes noted above.	4th	High
% of pupils making expected progress from Key Stage 2 to 4 in Maths		↓	65.1%		68.0%	Not not directly comparable to 2013 due to changes noted above.	3rd	High
Average points score at 'A' Level		↑	209.6	215	208.6	A Level points per entry have increased despite national reductions.	2nd	High
<b>Vulnerable groups</b>								
% of special schools assessed as good or outstanding	✓	→	100.0%	100%	100.0%		1st	High
Pupils with special educational needs achieving Level 4+ at Key Stage 2	✓	↑	32.9%		25.2%			
Pupils with special educational needs achieving 5+ GCSEs (inc. English and Maths)		↓	13.8%		17.1%	Performance affected by GCSE marking issues as above.		
<b>Child &amp; Family Health</b>								
Smoking at time of delivery (LCR)		→	11.35%	10.8%	11.34%	Latest data is for the period 2012/13.	2nd (Eng.)	Low
% Mothers initiating breastfeeding (where status is known)		↑	74.2%	increase	73.64%	Latest data is for period 2012/13. Initiating breastfeeding is currently just above the England average of 73.9%. England best is 94.7%	2nd (Eng.)	High
Prevalence of breastfeeding at 6-8 weeks from birth (Leics)		↑	44.3%	increase	43.7%	Latest data is for 2012/13. The England average of 47.2%, England best is 83.3%.	3rd (Eng.)	High
% children aged 5 years with tooth decay	●	-	37.1%	decrease		Latest data is for period 2012. Oral health promotion plan being developed.	4th (Eng.)	Low
Excess weight in primary school age children in Reception (Leics)		↓	21.0%	19.9%	20.6%	Latest data is 2012/13 academic year. Slight decline in performance however better than the 22.2% England average. Significant increase made in obesity related programmes.	1st (Eng.)	Low
Excess weight in primary school age children in Year 6 (Leics)		↓	31.3%	31.3%	31.0%	Latest data is 2012/13 academic year. Slight decline in performance however better than the 33.3% England average. Significant increase made in obesity related programmes.	2nd (Eng.)	Low

## Children and Families

Description	2013/14 performance	Direction of Travel	End of Yr 2013/14	Target 2017/18	End of Yr 2012/13	Commentary	Comparative position - quartile	Polarity
Chlamydia diagnoses (per 100,000 aged 15-24) (Leics)		↑	1702	1680	1598	22,000 tests undertaken, screening coverage higher than average but increasing this further will be important.	3rd (Eng.)	High
Under 18 conception (rate per 1,000 females aged 15-17) (Leics)	✓	↑	21.7	24.2	25.4	Significant reduction and top quartile performance.	1st (Eng.)	Low
% Looked after children receiving dental checks		↑	73.5%	increase	73.3%	Specialist nurse for LAC progressing improvements		High
% Looked after children receiving health checks		↑	74.2%	increase	73.3%			High
% Looked after children receiving immunisations	✓	↑	86.4%	increase	80.5%			High
<b>Supporting Families</b>								
Number of families supported by Supporting Leicestershire Families service	✓	↑	338	480	n/a	338 families have been worked with towards a final target of 480 families. Leicestershire service commended by government.		High
% of Payment by Results (PBR) families outcomes met	✓	↑	100%	100%	n/a	As part of phase one of the Payment by Results scheme, 810 troubled families in Leicestershire demonstrated improved outcomes.	1st (Eng.)	High
Early Help feedback and evaluation - satisfaction			91%	n/a	n/a	Average satisfaction across surveys held by 0-5, 5-11 and 11-19 services		High
Children's Centre clusters judged by Ofsted to be Good or Outstanding	✓	↑	83%	100%	50%	5 of the 6 Children Centre clusters have now been inspected by Ofsted and judged to be 'Good'		High

### Notes

Comparators are children's services statistical neighbours.

## Safer Communities - Better Environment/Place

Description	2013/14 performance	Direction of Travel	End of Yr 2013/14	Target 2017/18	End of Yr 2012/13	Commentary	Comparative position - quartile	Polarity
<b>Crime Minimisation</b>								
Total Crime rate (per 1,000 pop.)		↓	47.18	44.75*	45.56	An increase in overall reported crime, following many years of crime reductions	2nd	Low
Domestic burglary (per 1,000 pop.)		↓	3.44	2.99*	3.20	An increase in domestic burglary. Community Safety Partnerships continue work to prevent crime and support victims.	4th	Low
Vehicle Crime (per 1,000 pop.)		↓	5.71	4.91*	5.46	An increase in vehicle crime. Community Safety Partnerships continue work to prevent crime and support victims.	4th	Low
Violence with injury rate (per 1,000 pop.)		↓	3.58	3.51*	3.14	An increase in violent crime linked to an increase in reporting of domestic abuse. Leicestershire remains in the best quartile of all counties.	1st	Low
People who feel safe after dark		↑	84.30%	95%	82.70%			High
<b>Youth Justice</b>								
% of juvenile offenders re-offending within 12 months		↓	30.5%	top quartile	28.1%	Data includes re-offending up to Sept 2013. Leicestershire continues to perform well, reoffending rates remain lower than the regional and national average. The Youth Justice Plan continues to target re-offending	2nd	Low
Number of first time entrants to the criminal justice system aged 10 - 17		↑	221	top quartile	407	Significant reduction in first time entrants to the criminal justice system linked to introduction of Youth Conditional Cautions. The lowest rate since monitoring began in 2005.	2nd	Low
% of juvenile offenders given a custodial sentence		→	2.4%	>5%	1.9%	This relates to 1 less young person than the previous year.		Low
<b>Anti-social Behaviour</b>								
% of people stating that they have been a victim of anti-social behaviour		↑	7.7%	reduction	9.0%	Fewer people surveyed report that they have been a victim of ASB. Reports of ASB to the police and councils have also reduced.		Low
Criminal damage rate (per 1,000 population)		↑	7.44	-	7.74	A continued reduction in criminal damage offences.	2nd	Low
% of people stating that they feel that the police and other local public services are successfully dealing with ASB and crime in their local area		↑	79.0%	-	69.2%	Significant improvement on previous year's result. Campaign work has received national recognition.		High
<b>Community Cohesion &amp; Supporting Victims of Crime &amp; Disorder</b>								
% agree people from different backgrounds get on well together		↑	93.80%	95.0%	92.7%	We continue working to strengthen community cohesion, supporting communication with and across community groups.		High

## Safer Communities - Better Environment/Place

Description	2013/14 performance	Direction of Travel	End of Yr 2013/14	Target 2017/18	End of Yr 2012/13	Commentary	Comparative position - quartile	Polarity
% of domestic violence cases reviewed at MARAC that are repeat incidents		→	21%	-	19%	This remains at the lower end of the expected range for MARACs nationally. We have supported the introduction of a common risk assessment for domestic abuse across all partners.		NA
Reported hate incidents (per 1,000 population)		↓	0.64	-	0.82	Continued reduction in reports of hate incidents. Our Hate Incident Project continues training awareness and campaign work to support the response to hate incidents.		High
Reported domestic abuse incident rate (per 1,000 population)		↑	12.15	-	11.16	Increase in reports of domestic abuse. A county domestic abuse helpline was introduced in 2013 providing advice and information for anyone, male or female, affected by domestic abuse.		High
<b>Road Safety</b>								
Total casualties on our roads.		↓	1,889	1,494	1,878	Target for 2020. Very slight increase this year, but remains 27% lower than 2006. We continue to work to improve safety on our roads, through highways improvements and education.	2nd	Low
People killed or seriously injured in road traffic accidents	✓	↑	186	167	196	Target for 2020. Numbers Killed and Seriously Injured on our roads are at a record low following continuing year-on-year reductions since the baseline year.	4th	Low
<b>Reducing Carbon Emissions &amp; Mitigating the Impact of Climate Change</b>								
Total CO2 emissions from LCC operations (excluding schools) (tonnes)		→	28,692	22,326	28,597	2020/21 target. Whilst the council's energy consumption has reduced, the carbon emissions have increased slightly due to the increase in carbon in the supply of electricity in the national grid.	4th	Low
Carbon emissions from LCC buildings (tonnes)	✓	↑	9,018	7,135	9,463	2020/21 target. The reduction has contributed to a reduction in the cost of our carbon emissions through the Carbon Reduction Commitment Payments by over £70,000	3rd	Low
CO2 emissions from LCC street lighting & traffic signs (tonnes)		↓	13,205	9,561	12,103	2020/21 target. Carbon emissions have increased due to the increase in carbon in the supply of electricity in the national grid.	N/A	Low
Total Business miles claimed ('000s of miles)		↓	7,565	6,591	7,319	2020/21 target.	2nd	Low

## Safer Communities - Better Environment/Place

Description	2013/14 performance	Direction of Travel	End of Yr 2013/14	Target 2017/18	End of Yr 2012/13	Commentary	Comparative position - quartile	Polarity
<b>Waste Management</b>								
Total household waste per household (kg)		↓	1111	decrease	1106	Slight increase this year may be linked to an upturn in the economy. We continue our campaigns to prevent waste.	3rd	Low
% of household waste sent by local authorities across Leicestershire for reuse, recycling, composting etc.		↓	53%	increase	55.46%	Reduction in % is due to a change in Environment Agency guidance regarding mixed wood waste, so this is now not included. The previous year's figure includes mixed wood waste.	3rd	High
% Local authority collected waste landfilled		↑	31.4%	decrease	31.5%		3rd	Low
Waste produced from LCC sites (tonnes) (rolling 12 month total)	✓	↑	846	decrease	894		N/A	Low
% waste from LCC sites recycled (running rate over past 12 months)	✓	↑	63%	70%	53%	From April 2014 a new contract for internal waste is supporting further recycling improvements. In addition we have introduced high quality paper recycling internally, which also provides an income stream to the Council.	N/A	High
<b>Enhancing &amp; Protecting Leicestershire's Natural Environment</b>								
SSSI's in our own ownership in target condition (% land area of SSSI's)	✓	→	100%		100%	We continue to support high quality green spaces and protect the natural environment in the County.	N/A	High
<b>Leicestershire's Cultural Environment</b>								
Tourist visitor numbers (Leicester & Leics)	✓	↑	29.45m		28.69m	2013 STEAM data. The economic impact of tourism in Leicester and Leicestershire increased by double the national growth rate, partly due to the national and international interest regarding the discovery of King Richard III.		High
Bosworth Battlefield - total visitors	✓	↑	48,145		34,313	New galleries opened to revitalise the story at Bosworth including the search for the lost battle location, realised in 2009.		High
Library total visits per 1,000 pop'n		↓	3,886		5,303	National trend of reduction in library visits.		High
Library total issues		↓	2,827,729		3,247,791	National trend of reduction in library issues.		High

### Notes

Comparators are other county areas

\*since agreement of the Council's Strategic Plan the Police & Crime Commissioner for Leicestershire has removed all numerical targets for crime from his Police and Crime Plan, in line with national guidance, instead targeting a significant reduction in the key crime types listed.

## A SCRUTINY REVIEW PANEL ON: **Traded Services**

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*October 2014*

## Background to the Review

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### **Purpose of the Report**

1. To present the conclusions and recommendations of the Traded Services Scrutiny Review Panel for endorsement.

particularly in relation to schools. However, this would require further validation by the Scrutiny Review Panel.

### **Purpose of the Review**

2. The Panel set out to review and scrutinise the traded services process and to ensure that transparency and appropriate monitoring of traded services was undertaken.
3. The Panel set out to consider the following questions and make subsequent recommendations:
  - i) Does the earlier decision to continue trading some of the Council's services remain sound?
  - ii) If yes, are there any improvements to be made to the existing arrangement?
  - iii) What lessons could be learned from other organisations?
  - iv) What are the benefits and risks of other delivery models?

6. It was also important that the approach to traded services was embedded within the Council's procurement processes and that these processes enabled a flexible approach to cope with the ever-changing market.
7. There was a need to understand any risks and legal implications associated with the operation of a traded service and to ensure that appropriate monitoring arrangements were in place.
8. Consideration would also need to be given by the Panel to the strengths and weaknesses of other delivery models.
9. Accordingly, it was resolved to establish a Scrutiny Review Panel to analyse these areas and make recommendations on a possible change in approach.

### **Background**

4. In November 2013 at the meeting of the Scrutiny Commission, a report on the progress made on traded services was considered and the Director of Corporate Resources welcomed the opportunity to have Elected Members feed into the process of reviewing and shaping the Council's future approach to trading.
5. At the meeting, there was general consensus that it was important to continue trading and retain and develop the business of existing clients,

### **Scope of the Review**

10. The County Council faces significant savings and efficiency targets as outlined within the Medium Term Financial Strategy (MTFS). The level of savings required is mainly as a result of external factors including spending pressures, the economic position and forecast reductions in Government funding.



11. In 2012, a Programme was created to address the Cabinet's response to an update on the MTFS position which identified financial risks associated with the Academy conversion agenda:
12. The Programme's objectives were:
- To develop a strategic approach to commercially traded services;
  - To develop a sustainable business stream from services provided within the Council's remit and legislature;
  - To retain 90% of the Council's current business over the next two years.
13. In September 2013, a Commercial Services Strategy was created. The intention of the Strategy was to make a contribution to the financial challenges which the Council faced, by successfully trading some of its services.
14. Faced with a number of possible options, it was decided that the Authority would trade some of its services (**see Appendix A**), initially without major infrastructure changes. The aim therefore was to generate funds to support wider Council objectives of securing a positive outcome for Leicestershire.
15. Funds generated would be used towards savings targets or to reduce the burden on council tax payers to fully meet the cost of existing activities. These services would be run with a "commercial" and "business" orientated approach, ensuring that the Council could continue to offer high quality and value for money services that customers would choose, at a price they could afford. The customers of these services would in the main be: schools, academies and other public service bodies.
16. The County Council is a large and complex organisation with a diverse range of services, and it was understood from the onset that to develop its traded services the Council would require a commitment to embrace new ways of working, and ultimately some changes to structures and reporting lines.
17. The initial focus was on separating the services that traded with Schools and moving them from the Children and Families Department into the Corporate Resources Department e.g. Governor Support and School Food and Catering Services. This would have the dual benefit of allowing Corporate Resources to focus on developing a trading model and also enabled the senior management team of Children and Family Services to focus solely on their core objectives without being distracted by trading activities.
18. The original aims behind this approach were to:
- Remove ambiguity by separating traded services from core educational services;
  - Maintain and develop a business stream and generate a contribution to cover the County Council's costs;
  - Achieve this without distracting officer focus from the delivery of the County Council's core service priorities. The separation of traded from other core services would enable a sharper focus on the commercialisation of these services but also enable other officers to focus on the core competence of their service

delivery without distraction;

- Develop quality services which would provide a stepping stone to any future direction that emerged within a changing local authority environment.
- Commit to conducting a review of the strategy between September 2014 and September 2015 and to then consider whether it was still viable and worthwhile to continue to develop the Council's traded services.
- Consider the possibility of adopting alternative delivery models, either sooner or later.

### **Membership of the Panel**

19. The following members were appointed to serve on the Review Panel:

**Dr. R. K. A Feltham CC**  
**Mr. S. J. Hampson CC**  
**Mr. E. D. Snartt CC**  
**Mr. L. Spence CC**  
**Mr. M. B. Wyatt C**

Dr. R. K. A Feltham CC was elected as Chairman of the Panel.

### **Conduct of the Review**

20. The Scrutiny Review Panel began its work in June and met on five occasions between 16 June 2014 and 24 October 2014. The key objectives of the Review Panel were as follows:

- To examine and validate the rationale behind the decision to trade, as a means of contributing towards the County Council's financial deficit;
- To understand the current approach being adopted in relation to traded services and how this compared with the approach taken at authorities elsewhere in the country;
- To identify any risks associated with the current approach and ensure that appropriate monitoring arrangements were in place to reduce or mitigate them;
- To enable a full understanding of the County Council's traded services portfolio and to conduct a detailed review of existing arrangements and scrutinise alternative delivery models;
- To examine the existing arrangements, recommend any improvements to the Council's approach and provide direction on the future shape and direction of traded services;

21. The Panel was supported in its Review by the following individuals and is grateful to them for their contribution:

<b>Richard Haynes</b>	Ernst & Young
<b>Trevor Phipps</b>	ESPO
<b>Julie Meakin</b>	Leeds City Council
<b>Roderick O'Connor</b>	Leicestershire County Council
<b>Wendy Philp</b>	Leicestershire County Council
<b>Graham Read</b>	Leicestershire County Council
<b>Jo Morrison</b>	Leicestershire County Council
<b>Michael Jacques</b>	Leicestershire County Council
<b>Dominic Smith</b>	Leicestershire County Council
<b>Sam Weston</b>	Leicestershire County Council

## The Panel's Recommendations

### General

- (a) That the County Council should continue to trade some of its services and further develop them to generate income to further contribute towards the Council's savings targets
- (b) That the existing full portfolio of traded services be reviewed and that those traded services:
  - (i) Delivered by the Corporate Resources Department be consolidated under one service lead;
  - (ii) Considered to be no longer viable in a changing marketplace should cease trading and focus on internal delivery;
- (e) Strengthen the existing trading arrangements and fill vital skills and capability gaps of business development, a sales and account management function be created within the trading unit to ensure that a consistent offer is in place and to enable the cross-selling of services;
- (f) That it be accepted that some services with a traded element would remain outside of the stand-alone entity.

### The Future

#### A New "Stand-Alone" Trading Unit

- (c) That a stand-alone trading unit be developed as part of the County Council, with its own brand and identity. This would:
  - (i) Enable it to have a clear and strategic position in the marketplace, with a stronger trading presence;
  - (ii) Maintain a link to the Council's corporate branding, with its reputation for high quality and value for money services;
- (d) Establish a dedicated marketing resource to ensure the trading unit is able to convey a coherent message to new and existing customers;
- (g) That whilst it does not currently feel that a separate company should be created to cater for private sector trading, it will be necessary to keep a watching brief and that this position should be reviewed at a later date once a clearer picture can be taken of the new unit's delivery and performance;
- (h) That Elected Members have a vital role to play in championing the Council's traded offer to the local customer base (particularly district and parish councils) and that their expertise in the ongoing quality assurance role of traded services would be welcomed;
- (i) That a time table for the development of these recommendations be devised by January 2015 to enable officers to progress the work without delay and to enable the Chairman to assess progress against these recommendations in 8-10 months' time.

## Context of the Review: The Financial Challenge

***Over the last three years, there have been significant reductions in Local Government funding. Local Government reductions have been higher than in other parts of the public sector. Unlike health, overseas development and education, Local Government funding has not been protected.***

22. In the face of continued financial challenge, funding reform, and cost reduction, Elected Members and officers of the County Council are confronting the needs of their citizens and considering how to transform their service delivery and improve organisational performance.
23. The County Council is both low funded and low spending. Leicestershire is the third lowest funded local authority and receives £56 (23%) per head less than the average county council. In addition, other comparable county councils spend on average £81 (15%) more per head of population. If funded at the same level as the average County Council, Leicestershire would receive £37m in additional resources.
24. Leicestershire County Council also has a low council tax base. In simple terms this means that relative to other county councils it has a higher proportion of lower value properties. This means that its receipts per head of population from council tax are lower than most counties.
25. Although the County Council has met its savings targets within the last two years, the Council is facing an increasingly serious financial situation and will now have to make £40 million of extra savings.
26. Rising demand for care services and reductions in grants have pushed the savings target up to £120 million and £50 million of this remains unidentified.
27. The County Council has been hugely successful in delivering efficiencies and in order to deliver further savings it will be required over time to become smaller by: reducing headcount, simplifying ICT infrastructure and divesting property.
28. However the Panel were conscious that facing a mounting fiscal challenge, the Council must focus on more than service improvement and cost reduction.
29. Inevitably the Council must stop delivering some services and it may also decide that some services are better delivered by others or through new service delivery models. However, the Council shall retain some core services and the challenge within a more demanding financial climate shall be to sustain or improve current service levels whilst also reducing the cost of service delivery.
30. The Panel were mindful that to be more commercial and trade successfully was a more innovative way of maintaining service levels, reducing costs and protecting against council tax rises.
31. The Panel were also conscious that traded services had already made a contribution towards the £85 million pounds of savings delivered by the Council.

## Current Trading Arrangements: Where are we now?



32. The Panel were committed to making the review a thorough and worthwhile exercise, but they were also conscious of the constraints of time and the size and complexity of the numerous and disparate services currently traded by the County Council (see **Appendix A**). Therefore, unable to review them all, they carefully chose a cross section that would provide a diverse range of services and also enable sufficient time to have an in-depth analysis of financial and operational practices.
33. Although it will become evident from the report, the County Council has a varied range of customers to whom it provides services and some of these are beyond the geographical boundaries of Leicestershire -the Panel were conscious that over 80% of the services traded are with schools and academies. Consequently as well as aiming for new customers, new markets and new products, the traded services of the Council would need to ensure that they continue to develop a sustainable income from existing clients.
34. The conversion of maintained schools to Academy status and the changes to schools funding arrangements have meant that this marketplace has become increasingly volatile and ever changing. The market is constantly evolving and the initial creation of academies has been followed by other subsequent challenges.
35. In some instances academies have joined together in clusters, in an attempt to reduce their own costs and become more commercial, often, seeking their services from other providers and not from the County Council. This can be both a threat and an opportunity for the County Council's traded services, but officers need to be prepared to meet these emerging challenges with flexible responses.



36. The services that were selected by the Panel for review were: School Food and Catering Services, Property and Facilities Management, Central Print and Creative Services.

### **The School Food Support and Catering Service**

37. The first service chosen by the Panel for review was the School Food Support and Catering Service. The School Food Support Service was previously outsourced by the County Council.
38. In 2008, it was brought back in-house due to a general dissatisfaction with the service by its customers.
39. The Panel were interested in reviewing this service as a good example of a complex service area. The service is a £10 million pound business providing meals to 218 Academies and Schools out of the 283 that are within Leicestershire.
40. The Panel considered the many challenges faced in providing a service of this nature. In the first instance the School Food Support and Catering Service is directly challenged by the changes in the marketplace by the fact that some Academies had chosen to leave the service for another provider, not because they were dissatisfied with the package but merely as a consequence of becoming an Academy and deciding to explore alternative arrangements. The volatility of this particular marketplace was also heightened by the emergence of new entrants seeking business.
41. Additional challenges had been placed upon the service by funding reform which had forced the service to review its unit costs and its pricing model in order to remain competitive, without compromising quality. In addition the Panel learnt that there were many logistical and operational challenges in providing a service across a 283 multi-site operation, where units varied greatly in size and where some kitchens were production sites, whereas other sites had their meals delivered.
42. Despite these challenges the Panel were presented with facts which demonstrated that the Service continued to retain most of its customers and provide a first class service balancing quality with cost.
43. Officers had worked hard to develop a business model which supported Health and Education priorities around academic attainment and tackling obesity whilst also ensuring that the Service did more than cover its costs.
44. The Panel were made aware of the operational and financial rigour in place to ensure that the Service was run as a “tight ship” ensuring the delivery of a high quality service with rigid controls in place around inventory, costs and shrinkage.
45. The Panel heard how the service was committed to continuous improvement and had recently acquired the Bronze Food for Life Accreditation. They also appreciated that the County Council has added much value to school foods by retaining the service in-house as it was now able to offer: a full operational catering service, Food

and Health & Safety risk assessments, catering audits, the compilation of menus to meet Government standards, special diets for over 500 children, as well as equipment repairs and renewals.

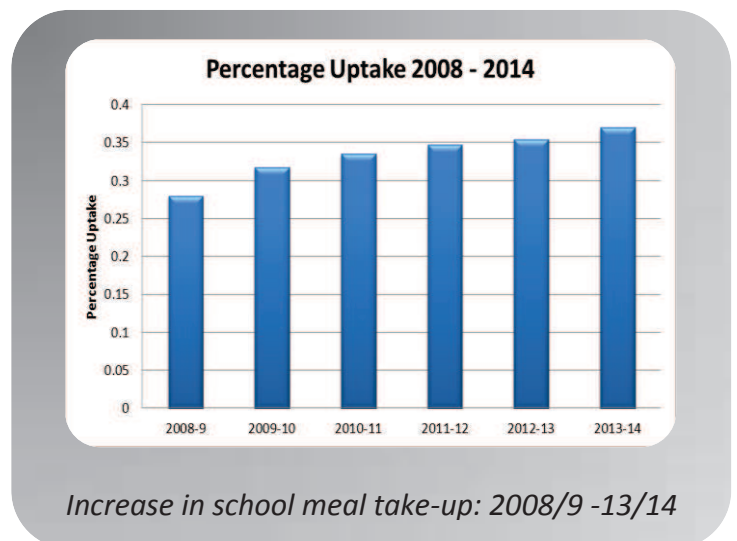
46. Despite the emerging challenges of a changing marketplace, this robust approach had resulted in a continued increase in the uptake of the Service within schools and academies and tighter financial rigour had meant that the Service has made an increased contribution, as well as supporting its core principle of providing healthy and nutritious meals to children.
47. The Panel reflected on the fact that this Service operated on a “hub and spoke” model, with a core central team supporting field based staff who, although based within schools, were the employees of the County Council. The Panel noted officer comments that this model had both the flexibility and resilience to support the delivery of School Meals for other councils.

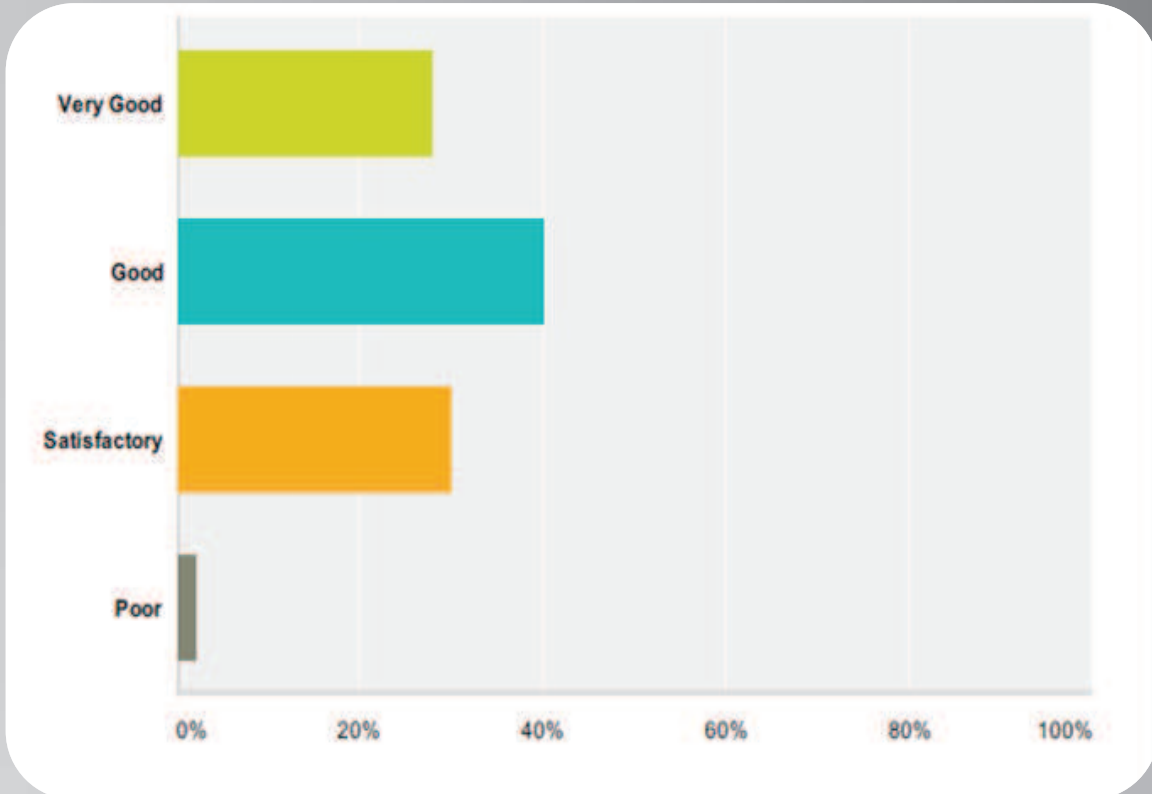
### Innovation

48. The Panel supported the action that officers had taken to combine the School Food Service with the County Hall Catering Service. These services had previously operated within different parts of the County Council but adopting a fresh perspective on trading arrangements it *had* seemed logical to combine two services which shared the same basic skillsets and core competencies.
49. The combining of these two services had not only enabled greater flexibility in service delivery, but had

also provided more career opportunities for staff and supported the Council being an employer of choice.

50. The Panel were made aware of other innovative practices, which included: introducing theme days to increase uptake within the staff restaurant; the introduction of a Friday night takeaway service at certain schools and the introduction of an evening meal service for staff at County Hall which had unfortunately been less successful than the other initiatives. The Panel were also made aware that the Service was diversifying in providing consultancy work and had managed to pick up a piece of work with the YMCA in Southampton. Officers were hoping to further develop this element of the business.





*Customer survey responses for the overall quality of the catering service*



*Operational controls have been developed as part of a commercial management model that allowed the Authority to retain a high level of control over procurement and service delivery. Through control and weekly monitoring of food procurement the authority had substantially reduced cost and waste within school food services. The Panel welcomed this approach and were keen to preserve the intellectual property rights to the model and not divulge it to competitors, though it was acknowledged that services from different authorities did share some data and best practice with each other.*



### **Property Services and Facilities Management (FM)**

51. The next service reviewed by the Panel was Property Services and Facilities Management. The trading arm of which provides a diverse portfolio of services that are categorised as Hard and Soft FM. Soft FM consists of providing services such as cleaning, grounds maintenance and pest control. Hard FM includes services such as building repairs/maintenance and new builds.
52. The Panel were made aware that despite fierce private sector competition, the existing customer base for Property Services and Facilities Management had not only been maintained, but had actually increased in some areas. The changes to schools grant funding had meant that schools now had more control of their own budgets and initially this was a potential threat to retaining income.
53. Service managers had maintained close contact with their customers, understanding their needs and requirements and this had ensured minimal loss of business. The Panel listened to officers explaining that, at a time of economic uncertainty and changing conditions, there was also a growing opportunity for FM to support schools and academies to manage their buildings and services in a cost effective way, whilst also managing risk.
54. A large element of business came from schools and academies and the service was able to rely upon a hard core of expertise across all elements of facilities management as well as maintaining relationships built on trust. A key selling point of the service was its 24/7 repairs and maintenance helpdesk which was always able to ensure that a suitably qualified and experienced contractor would respond to out of hours emergencies.
55. In response to the emergence of academies the service had also introduced new products into their sales portfolio and was able to offer: asbestos assessments, pest control and wash room supplies to supplement the original Soft FM trading model.
56. The Panel were interested to hear how the Service was able to support schools and academies in ensuring that they were in touch with their responsibilities under ever changing legislation. The Service had successfully developed a regulatory compliance package which ensures that the necessary, surveys, inspections and risk assessments are identified and where necessary the service would carry these out on behalf of a customer.
57. The Panel were also interested to hear how the Service had developed in-house capability around contract management and were able to offer contracts to predefined Council specifications or bespoke to individual requirements.
58. All contracts were tendered to full Official Journal of the European Union specifications, ensuring competitive pricing, high quality specifications and also environmental friendly compliance. Where contactors were used, they were all selected from industry leading companies with national

accreditation. Officers believed that this competence could be further developed as a core capability of the service which would give them a competitive advantage in the marketplace.

59. It was also noted by the Panel that the County Council has been ranked as the best priced Soft Facilities Grounds Maintenance service for both the East and West Midlands by the Pro5 group. The Pro5 group consisted of the five largest public sector professional buying organisations in the UK, including the Eastern Shires Purchasing Organisation (ESPO). Soft FM cleaning services are benchmarked against the National Association for Public Sector Excellence (APSE) indicating that cleaning costs were delivered at approximately 11.5% lower than the national average.
60. The Panel were made aware that recent customer satisfaction rates for the service remained high; achieving 100% satisfaction rates for 'value for money' and 'responsiveness', with customer feedback on overall quality in excess of 97%.
61. The Council is projecting an increase in income from the Service for the 2015/16 financial year and was achieving a surplus of 10% to 15% for Hard Facilities Management.

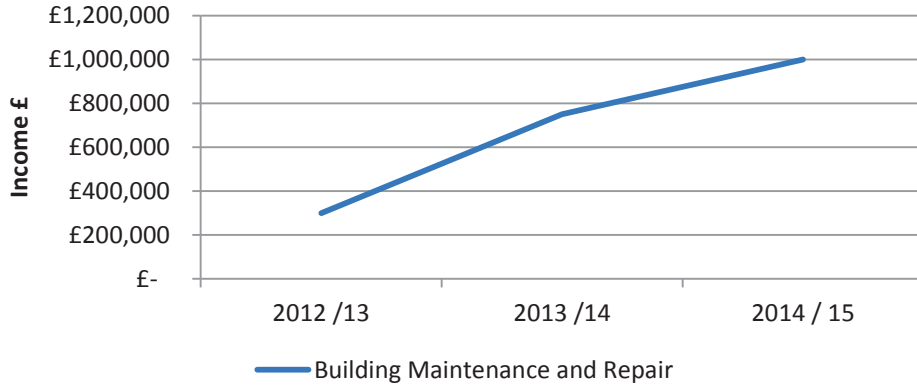
### **Innovation**

62. The Panel were interested to hear how the Service was trying to future proof itself by developing new competencies which were not only sources of competitive advantage but would also be building blocks to future opportunities. One particular

competency that had been developed was around contract management.

63. In delivering property and FM services, the Council has developed three flexible service delivery models: the County Council's outsourced contracts, in-house contracts and joint partnership working. This was a blended approach to contract management which provided a flexible model that utilised in-house skills supplemented by the capability of partners. This approach has been developed through customer feedback and market research in order to meet customer needs, and the challenges of delivering quality and efficiency.
64. Some of the key benefits of this model were outlined to the Panel as being:
- That significant savings have been achieved by insourcing previously outsourced contracts, eg. electrical maintenance had been brought 'in-house' saving £105,000 per annum;
  - £321k of Soft FM Savings achieved via inflation freeze and up-front payments;
  - £215k budget reduction following Hard FM framework re-tendering;
  - That the Council is able to operate contracts on a 'nil to landfill' basis with all materials being recycled;
  - Those contracts were actively managed to seek efficiency savings through development of new practices throughout the contract's lifespan.

### Hard FM Traded Fees income current and forecast



Increase in fee income for Hard FM 2012-14

The Service is projecting increase in income for the 2015/16 financial year and was achieving a healthy profit margin of 10% to 15% for Hard Facilities management.

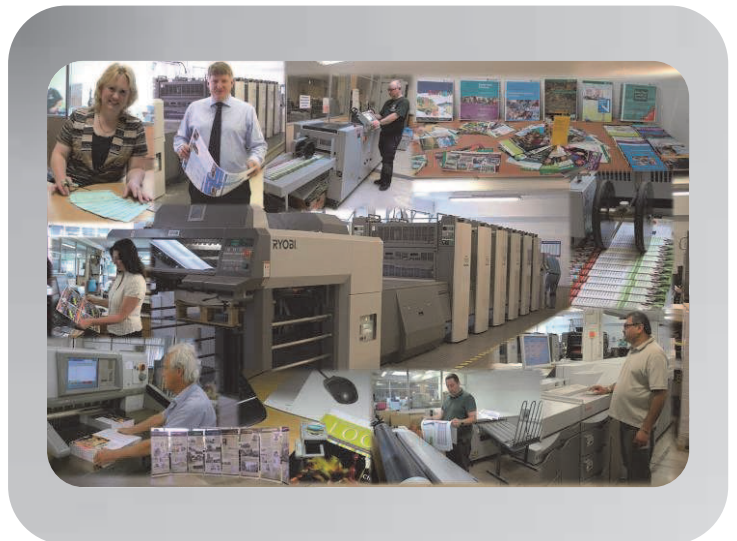
### Cleaning Cost per SqM



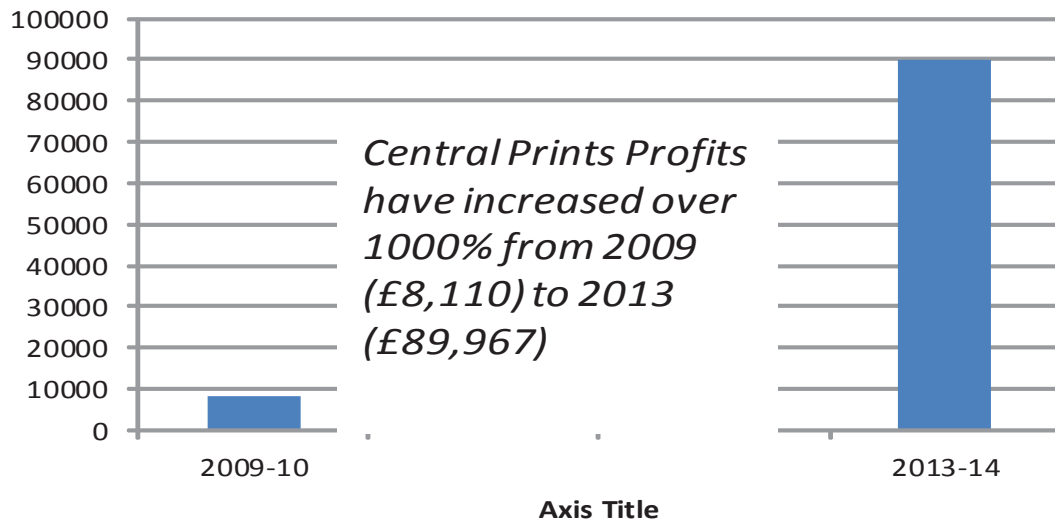
Soft FM cleaning services are benchmarked against the National Association for Public Sector Excellence (APSE) indicating that the County Council's cleaning costs were delivered at approximately 11.5% lower than the national average.

### Central Print Services

65. The Panel examined Central Print Services as part of its review. Central Print Services has developed into a large scale award winning print business. It produces all of the internal work for Leicestershire County Council but now also provides wide array of digital and lithographic work to a range of external clients.
66. The Panel listened to officers recounting the development of the Service over the last seven years. The initial focus had been to use the service to develop a capability that could bring the Council's printed work inside and produce it more effectively than sending it to outside suppliers. This was very successful and in the last 3 years the Service was able to contribute £247k of savings towards the MTFS by bringing work in-house.
67. Over time, new challenges emerged for the Service, first the recession took hold and then the County Council's own digital agenda challenged the Council to reduce the production of printed materials. At both points in time, officers considered the possibility of ceasing or outsourcing the Service, but instead decided to exploit capabilities and to seek new business by competing for and winning external framework tenders.
68. The Service now trades as a fully commercialised model with up to date technology and highly skilled staff. The unit has developed a core competence of flexibility as well as a reputation for quality and a two shift pattern not only sweats the assets but maximises production and enables fast turnaround for customers.
69. The Service has maximised technology and automation and uses batch printing to reduce costs. Moreover with web-based technology, the unit has the capability to offer remote sites a personalised service enabling quotation, pricing and proofing within a short timescale.
70. The Panel noted a presentation from officers which highlighted the extent of external business development and the wide range of customers that the service caters for. The Panel commended the relevant officers on their business model and expressed a view that they would be interested in continuing to monitor the expansion of the trading offering of the unit. Members of the Panel also noted with concern that not all district and parish councils were using the Services on offer.



### Increase in Surplus 2009 -20014



*The Council's "Digital by Default" policy has understandably had an impact on Central Print Services. The Service has repositioned itself to attract a significant amount of business from external organisations. A salesperson has been brought into the Service to enable it to proactively engage external and private sector customers in an effort to increase business.*

### Creative Services

72. The County Council's Creative Services section is a dedicated design service with a primary purpose to create materials which help to achieve the Council's communications objectives: to inform, change behaviour and increase income.
73. The Panel found that Creative Services was not as commercially focused as other services, principally because its emphasis was on internal delivery to the County Council itself. While the Service attracts some external income, this was not its primary focus, not least due to the small size of the Creative Services team. However, given that income from internal sources is projected to decrease, the Service is expected to become more commercially focused to maintain its income target of £75,000 per annum.
74. The Panel felt that there was scope for the Service to work collaboratively with Central Print and that the pooling of budgets between County Council services and partner organisations should be considered. The Panel was of the view that Creative Services should retain its primary focus on the effective communication of the Council's brand and that its traded activity should continue to be a lower priority.



## Lessons Learnt from other Authorities

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75. In embracing an outward perspective the Panel reviewed the progress of other organisations that had also developed new revenue streams from existing service areas and also observed that there are many varying approaches that can be adopted towards trading.
76. To support this approach they considered presentations about two local authorities – Leeds City Council and Kent County Council – who both already operate a trading arm, albeit with differing models.
77. As well as exploring potential alternative delivery models for service provision, the Panel were keen to benchmark and explore how other authorities were delivering their traded services.
- Leeds City Council**
78. Leeds City Council had set out with a clear vision to make a profit but to do so ethically. Efforts were made to preserve public services, partner with the voluntary sector and not compete with local small and medium enterprises (SME's) where doing so could place SMEs in financial difficulties.
79. Leeds had a range of services which it traded successfully and as a consequence in the last three years there had been a net growth in employment within Leeds City Council and a proactive approach to meeting financial challenges by generating income, as opposed to reducing jobs or outsourcing public services.
80. Leeds City Council believed that they operated many of their services in line with private industry standards and they were therefore capable of trading them successfully across both the private and the public sector. However they realised that, although legislation permitted them to trade with private sector organisations, they would need to form a trading arm to do so.
81. They have subsequently adopted an approach which separates their public and private trading. They have made a decision to combine all of their trading activities within one standalone entity which they have branded as “Civic Enterprise Leeds”. This entity continues to trade with other public sector bodies, under The Local Authorities (Goods and Services Act) 1970.
82. However, in accordance with the legislation they realised that they could only trade with the private sector by forming a trading company. They therefore created a trading company which was associated with but separate from the standalone entity of “Civic Enterprise Leeds”, and used this vehicle as a means to trade with the private sector.
83. This trading company was established as a private limited company but this was merely a vehicle to allow the Authority to trade with the private sector without restriction.
84. In effect they had amalgamated services and branded them as a standalone entity which delivered services to public sector bodies whilst forming a local authority trading



company through which to trade private sector business.

85. From their perspective there were many benefits to this model which supported their trading vision:

- Council staff would not need to be transferred to the company under the “Transfer of Undertakings Protection of Employment” regulations;
- Local authorities were more tax efficient than limited companies. By separating public sector and private sector business, they were only liable to pay VAT and Corporation Tax on their private sector activity;
- The Council would be able to compete with the private sector and thereby increase local competition.

86. The Leeds approach was received with interest by the Panel, which saw many benefits in their adopted approach. The Panel noted that the approach provided a tax efficient means of trading with both the private and public sector.

87. It supports a means of increasing turnover and returns which would offer the authority more resilience in responding to continued financial pressures. Moreover it is an approach which did not preclude the possibility of exploring even more radical options at a later date.

#### **Kent County Council**

88. Kent County Council’s approach was markedly different to Leeds City Council in its use of a limited

company. It did not merely use this company as a tax vehicle for private enterprise; it appeared to place a greater focus on private sector trading.

89. Kent County Council’s company, “Commercial Services Ltd”, employ approximately 700 people and trade in £600 million worth of business per annum. Its customer base appears to be London and the South East region.

90. Their core business areas are Education Supplies, Energy, Recruitment and Direct Services.

91. Its Direct Services include: vehicle repair and MOT services, vehicle hire, landscape and gardening services, pest control, Facilities Management and fire safety inspections/training.

92. Its energy business, “LASER”, purchase £350million in energy for 110 customers which are mainly local authorities, academies, charities and housing associations. In 2013, a further energy business was set up, “Lumina”, who provide a free of charge service to SME’s to help them save money on energy costs. Both LASER and Lumina are registered trademarks of Commercial Services Ltd.

93. Kent County Council operates under a trading name of “Connect2staff” and supply recruitment services to the private and public sector across London and the South East.

94. Kent County Council trade their Legal Services to 300 other public sector bodies and in the month of September 2013 recorded a 20% profit rise and £2.4 million profit for 2012/2013 financial year. Turnover



rose from £1million to £12 million in the same year. This service does not form part of Commercial Traded Services Ltd but is traded directly by Kent County Council. They employ 125 lawyers and have won a range of awards, however there is no trading to the private sector.

- Contact Point (Contact Centre)
- Finance
- Human Resources
- ICT
- Internal and External Communications
- Legal Services
- Property and Infrastructure Support

95. Kent County Council is currently seeking to grow their business in the following areas:

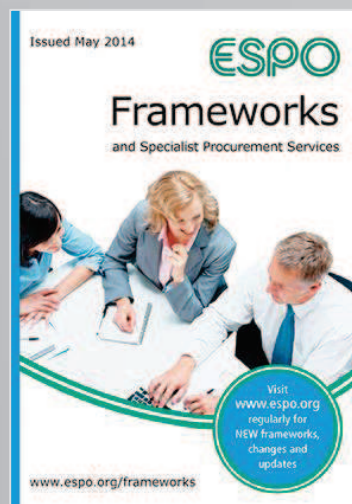


### Eastern Shires Purchasing Organisation (ESPO)

The Panel heard from Trevor Phipps at ESPO who reported on the significant rebranding exercise that has taken place within the organisation to focus on its core offer of high quality services and good value. A comprehensive survey had been undertaken with their customers on what their brand meant to them and this had fed into its future direction. The Panel noted that a similar exercise could take place in relation to any future branding decisions in regard to traded services.

Also of particular note was the Organisation's approach to account management and sales which enabled it to be responsive to emerging trends in the marketplace.

The Panel were particularly pleased to learn of the potential for increased joint working between the County Council and ESPO in the future for the mutual benefit of both organisations. One area where this might be possible from a County Council perspective was for ESPO's customer base of 10,000 schools to be utilised in order to increase marketing potential.





### **Ernst & Young (EY): *The wider perspective in local government***

EY are currently working with over 50 upper tier authorities across England and Scotland, along with most Government departments and agencies. It is evident that in the context of on-going public sector grant reduction, and growing demand for services, many authorities are taking positive, strategic steps to protect their net revenues through diversifying their income sources. Below is an overview of the various delivery models that local authorities have been using. These models lend themselves to different strategies, which are typically:

- to divest themselves of low priority services they no longer want to provide;
- to reduce costs as far as is possible;
- to improve efficiency and grow net revenues.

While the early 2000s saw many authorities outsourcing services to the private and 3<sup>rd</sup> sector, there has been a gradual shift from outsourcing, which was driven by cost reduction, to more progressive delivery models that are focused on revenue growth and longer term sustainable services. For those authorities wanting to ‘commercialise’ their services, there are a number of key options to consider which are outlined towards the ends of this report.

Authorities wanting to commercialise services and diversify revenues can only be successful if it is a conscious and strategic choice, with political and Executive leadership. Furthermore, commercial strategies that are based on operating within an open market (for example, selling services to self-funders or individuals with direct payments, selling services to property developers, etc) tend to be more likely to succeed than those predicated by selling to other councils.

The first stage in looking at commercialising services is to appraise the services that the Council is good at and that the wider market wants. In a time when demand for older people care services is growing, it makes sense that many councils have seen this as a key area for income growth, rather than just a cost pressure. However, the next key prerequisite is an honest assessment of the services’ competitiveness comparing existing performance against the market competitors (e.g., their appeal or unique selling point, the unit cost and price, service quality). Undoubtedly, many authorities have identified the need to redesign services to make them competitive (e.g., getting an in-house care at home service from costing £35 per hour, to a commercial service costing £15 per hour with no loss in quality). This requires investment.

As with any business investment, the business case and operational business plan serve as critical documents to appraise investment needs, assess the opportunity and evaluate risk. Several authorities are currently looking at joint ventures with commercial partners in a bid to share risk, but also share the return from pooling shared resources. In our experience, unless the Council makes a concerted effort to commercialise relevant services, the aspiration of diversifying revenues rarely becomes a reality. Such an approach would be reliant on luck and chance. If Leicestershire wants to explore and genuinely pursue a strategy of revenue growth to offset existing financial pressures, it will need to invest, and give clear focus and leadership.

## Traded Services: Where are we going?

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### Alternative Delivery Models

96. Having reviewed a presentation from Leeds City Council and having studied an overview of the approaches adopted by Kent County Council, the Panel turned their attention to scrutinising a broader range of alternative delivery models.
97. The next section of the report will outline some of the considerations given by the Panel to a range of options and an outline of associated risks and benefits. **A more detailed outline is contained within the tables attached in the Appendix to this report.**
98. Members of the Panel were mindful that some organisations had simply decided to outsource some of their services rather than to trade them. Therefore as a starting point they had some discussion on the possibility of wholesale outsourcing.

### Outsourcing

99. The Panel deliberated on the concept of outsourcing and the fact that the term generally refers to the contracting of services to another company or organisation, usually but not exclusively a private sector provider. Typically a number of services are “bundled” together and a single provider is procured through a competitive exercise to deliver these services. A key feature and advantage of such arrangements being that it enables an organisation to reduce in size as staff are generally TUPE transferred to the new service provider.

100. The Panel reflected that there are benefits to outsourcing arrangements: primarily they allow an organisation to shrink in size and consequently divest of human capital, property and other infrastructure assets which will no longer be required to support the remaining smaller workforce.
101. Outsourcing can also be seen to be advantageous when the outsourcer has a specific competitive advantage and *ipso facto* are not only able to deliver a better service but also reduce average unit costs.
102. In these circumstances it can appear as a realistic option. It enables an authority to decide what it is good at, what its core competencies are and what it wishes to retain and relinquish. The Panel acknowledged that in these circumstances the outsourcer may have a particular expertise that the outsourcing organisation does not possess. An example of an effective outsourcing arrangement has been Hertfordshire County Council’s management services agreement which has purportedly delivered £25m savings to date.
103. However, the Panel also reflected upon some of the risks associated with outsourcing and whilst they acknowledged that the County Council is aspiring to be a commissioning organisation and that inevitably there will be some existing services of the Council that may be outsourced, they were not willing to advocate the wholesale outsourcing of the Council’s traded services at this moment in time.

104. Undoubtedly the biggest incentive to outsource is to save money and it was felt that the current in-house trading arrangements were viable and also had scope for further improvement. Moreover, although an outsourcing of these services might initially attract private sector capital, it would not contribute to significant further savings, and it would also mean that any future additional traded income would not be able to be used to protect essential services.

105. The Panel reflected on the point that once a service is outsourced it is sometimes difficult to influence the provider. They considered the existing arrangements for the Schools Food Service, which as well as making a contribution to the running costs of the Council; it also supported Health and Education priorities. A private sector provider focused on profit and shareholder value might not be as focused on tackling the obesity or attainment issues amongst school children.

106. It was also noted by the Panel that outsourcing can be difficult to reverse and furthermore it would require the local authority to still have a commercial client function to manage the contract.

### **Mutuals & Cooperatives**

107. The Panel gave consideration to Co-operatives and Mutuals as a possible alternative delivery model. They considered the fact that they are a form of social enterprise that are owned and run by its members. As well as giving members an equal say and share of the profits, co-operatives act together to build a

better society through co-operation. A newly established co-operative would be completely independent from the County Council.

108. Officers informed the Panel that there are many co-operatives in existence and two examples that have evolved from the public sector are: "people2people" which was established by Shropshire County Council to deliver care assessments and provide targeted support and SEQQL (Swindon). It has 845 employees delivering health and social care.

109. The Panel considered that as with an outsourcing model, a co-operative would enable the County Council to save money by becoming smaller and reducing the costs associated with in-house provision.

110. Establishing a co-operative also has ethical benefits associated with allowing its members the freedom to operate democratically and to directly influence service delivery and the quality of service provision. On the downside, the Council would lose control and influence if the quality of services deteriorated. There would also undoubtedly be a need to invest in set up and procurement costs.

111. Giving consideration to all factors, the Panel did not consider establishing a trading arm as a Mutual or Co-operative at this moment in time.

### **Social Enterprises**

112. The Panel reflected on the mechanism of Social Enterprise as a means of further developing the

traded services of the County Council.

113. The Panel saw clear benefits in supporting this type of venture as a means of providing services to the community, and considered that in some instances it could be an effective model to better deliver services to meet community needs than to outsource them.
114. However, Social Enterprise did not seem to be an appropriate model through which to place the vast and varied services that the County Council currently trade.
115. The Panel noted that Social Enterprise as a start-up can be a risky proposition. The considerable potential risks to the employment of staff, service delivery and service quality, did not support this model as being a viable alternative at this moment in time. The associated risks seemed to outweigh any benefits at a time when the County Council was facing increasing financial challenges and the need for resilience was paramount.

#### **Joint Venture or Joint Committee**

116. The Panel reflected on the notion of developing traded services into a Joint Venture Company, which could either be a partnership with a private sector organisation or a Shared Service, involving the shared responsibility or formal transfer of service or activity with another authority. A critical feature of either of these arrangements is that risk is shared with a partner; the downside being that the benefits are as well.
117. The Panel considered that a distinct feature of these arrangements as opposed to some of the other models is that the Council would retain control and influence of the staff and their expertise.
118. Moreover it was noted by the Panel that there are inherent benefits in partnering, particularly with a private sector partner who could bring their experience and expertise.
119. The notion of a Joint Venture could not be dismissed in entirety. However the Panel noted that to enter into this type of arrangement would require meticulous planning around the procurement, financial, legal and contractual matters.

#### **Local Authority Trading Company**

120. Whilst the Local Authority (Goods and Services Act) 1970, allows the County Council to generate income with other public bodies, in order to trade with other private sector organisations and generate profit, the Council would need to form a Local Authority Trading Company (LATC), which would operate as a private company but would be owned by the Council.
121. The Panel gave full consideration to the creation of a LATC. They considered that the creation of such an entity would support the Council's commitment to change, creativity and innovation by creating a very different approach to service delivery.
122. The Panel were appreciative of the benefits of being able to trade more widely, but they were also mindful of the Leeds model which had

highlighted some of the “disbenefits” of putting public sector business through a LATC and consequently having to pay VAT and Corporation Tax.

123. The Panel did not dismiss a LATC as an option but they felt that it required further consideration and a watching brief over those LATC that currently existing in the public sector. Perhaps the creation of a LATC was part of a future journey but before reaching this decision the Panel felt that there was a need for a more detailed business case.

#### **In-house service provision**

124. Finally, the Panel considered that for some time, Local Authorities had delivered services from in-house. Therefore although there were skill and capability gaps which private sector organisations might possess, the Panel also acknowledge that there was considerable in-house expertise, and in-house service provision remained a viable option.
125. In reviewing a selection of trading services earlier in the review the panel had become aware that much of the internal expertise also resided within networks and relationships that no external partner could rival.
126. The Panel saw additional benefits associated with in-house provision, in that it enabled Members to exercise control and influence while also managing risks, unlike some of the other delivery models where control and influence were sacrificed.

127. The panel were aware that Leicestershire County Council officers had some strong business relationships which were evidenced by the level of customers being retained. This compared favourably with for example Staffordshire County Council, who in 2012 had revealed within their business case that: “some services have experienced as much as a decline of 31%”.
128. However, the Panel also observed that there were inherent risks with maintaining in-house provision. There was the danger of inflexibility, complacency and a risk of not being as hard-nosed as a private sector partner might be when it came to having to make service reductions.



**Should the County Council continue to trade its services?**

129. In its final meeting, the Panel reflected on the wider context and the financial challenges facing the County Council, and the tasks that they had been set to resolve.
130. In its deliberations, the Panel reflected on the fact that the spending pressures facing the County Council are increasing and that for the foreseeable future the Council continues to face decisions about which public services to protect, reduce or close.
131. The Panel considered the point that inevitably authorities will become smaller as a consequence of austerity savings.
132. They accepted that within the current and future financial challenges, some public sector organisations will need to reduce in size and they will do so by outsourcing non-core activities and as a consequence of this decision these organisations will decide not to trade.
133. In many respects traded services were essentially support services and as such they could be provided by someone else.
134. However, having reviewed a selection of services, interviewed officers and analysed performance, the Panel were of the opinion that the County Council should continue trading its services.
135. The Panel, whilst accepting that the County Council will be a commissioning organisation, believe that a wholesale outsource would not necessarily be in the best interests of the citizen, neither would it guarantee the best service nor would it deliver the required savings
136. Moreover the Panel believed that officers of the County Council had maintained trading levels despite facing adverse trading conditions within a turbulent marketplace.
137. Although schools are being encouraged to be autonomous, within Leicestershire, the Panel believed that high quality services and strong relationships suggested that maintaining business with schools and academies was long term sustainable.
138. To stop all trading would have a huge impact both internally and externally and a high cost to implement. It would also have significant financial implications and a reduction in existing income streams would increase the budget deficit.
139. It was evident from the work of the Panel that traded services operating under a Leicestershire County Council banner, as well as competing within the marketplace were able to develop a Unique Selling Point derived from expertise and strong relationships based on trust and a commitment to values and ethics that perhaps some competitors did not have.
140. The Scrutiny Review Panel therefore proposed that the earlier decisions to continue trading some of the Council's services remained sound, and by trading services and

generating income, any surplus will not only go towards decreasing the financial deficit, but could mean that core services are protected from making further service reductions.

### **Reviewing the current Trading arrangements**

141. Although the Panel supported developing the traded services of the County Council, they reflected on the fact that further work may be required to review and rationalise the existing portfolio.
142. The Panel were mindful that the very notion of developing a portfolio, means divesting of some elements as well as investing in others and they surmised that in a true commercial sense not all the existing traded services would be deemed viable if scrutinised.
143. They felt that Internal Audit should conduct a review to determine the viability of all traded services continuing.
144. Members were also of the opinion that there were improvements that could be made to the existing operating model and were able to make recommendations drawing from their own commercial experience.
145. Notwithstanding the positive attributes that the Panel had elicited from the officer presentations on traded service arrangements, they were of the opinion that there were some skills gaps in account management, sales and marketing and business development.
146. The Panel expressed an opinion that there should be an agreed direction of travel which ultimately brought all trading services under one umbrella.
147. It was the feeling of the Panel that the County Council should begin to create a stand-alone internal organisation within which all core traded services were included. This might initially focus predominantly but not solely on providing services to schools and academies.
148. The Panel were also mindful that given the complexity of the Council, there would be some services which would have a traded element but which reside outside the trading unit, one example that came to mind was Legal Services.
149. An essential part of this journey would be the creation of a name and identity for this venture. This would enable a much more cohesive marketing, branding and advertising campaign.
150. The current trading arrangements were based around services and not around a "corporate" brand and identity.
151. Reflecting on the ESPO model, the Panel expressed a strong opinion that there was a need to have a dedicated marketing resource for the new standalone entity which would ensure that the message the Council broadcasted about its services was consistent and offered cross-selling possibilities.



### Considering alternative delivery models

152. Accepting that trading is a viable option to deliver a contribution towards the Council's savings, the final matter considered by the Panel was the possibility of alternative delivery models.
153. Rather than relying upon an in-house delivery solution, the drive to "spin out" (separate from the local authority and become a stand-alone organisation) was also a critical tenet of the Government's 2011 Open Public Services White paper.
154. Change for the sake of change is not in itself an effective driver and the Panel was aware of the need to consider both the merits and the disadvantages of other models. It was also mindful that in their explorations, they needed to be aware of the associated, legal, tax, valuation, procurement and financial implications inherent within and associated with each alternative delivery model. Details on the legal perspective on local authorities trading their services is set out below.

### The Legal Perspective

It goes without saying that any approach to traded activity must be legally robust. The principle Acts affecting charging and traded activity by the Council are:

#### Local Authority (Goods and Services) Act 1970

- Restricts the supply of services to local authorities and to other public bodies designated under the Act
- Does not enable services to be provided to the private sector
- Broadly limits the services which may be provided to those described as administrative, technical or professional and works of maintenance.
- Provides that an agreement made in pursuance of the Act "may contain such terms as to payment or otherwise as the parties consider appropriate". This means that the providing authority can make a profit from the activity.

#### Local Government Act 2003

- Establishes the concepts of 'charging' and 'trading' for local authority functions generally:
- Establishes that a local authority can charge for services , provided that:
  - ▶ the service is discretionary ie. is not one which the local authority is under a duty to provide;
  - ▶ the recipient agrees to the provision of the service;
  - ▶ there is no other legislation which specifically precludes the local authority from charging for the service;
  - ▶ taking one financial year with another, the income from charges does not exceed the costs of provision.
- The 2003 Act and associated subordinate legislation clarifies that a local authority may undertake any of its functions for a "commercial purpose" but if it wishes to do so it must do so via a company. It is a requirement that before exercising this power a business case is prepared and approved by the Council.

In regard to the above two Acts, the issues the Council would need to have regard to are as follows:

- “Commercial Purpose” is not defined and although it is generally taken to mean “with a view to making a surplus/profit” some doubt exists as to what it means;
- The powers are primarily concerned with public to private trading;
- There seems little benefit in seeking to use the 2003 Act powers, given that the Localism Act 2011 supports broader activities (as set out below).

### **Localism Act 2011**

Creates the so called “general power of competence” under which a council can do anything a private individual can do, unless other legislation inhibits it. The 2011 Act generally duplicates 2003 Act restrictions on trading and charging.

The issue again is that there is no definition of “for commercial purpose”. No case law establishes or tests that. General understanding is that if you “set out to make a profit’ then this will be caught but beyond that there must be a degree of doubt as to what is covered. There is nothing in the Act to say that the “ commercial purpose” has to be that of the Council and it is feasible that Council providing services at cost (permitted under 2003 Act) to a private company may be interpreted as being for the commercial purpose of the customer. However – this seems an extreme interpretation and may well preclude any council activity. As the intention of the 2011 Act was to free up local authorities ability to function it seems unlikely this would be an interpretation that will be adopted by the courts.

### **Other issues to be considered**

Authorities need to ensure that when using the general charging power conferred by the 2003 Act they fully comply with other complementary legislation such as the Competition Acts. Otherwise they risk being investigated and taken to court for non-compliance and may incur significant associated costs.

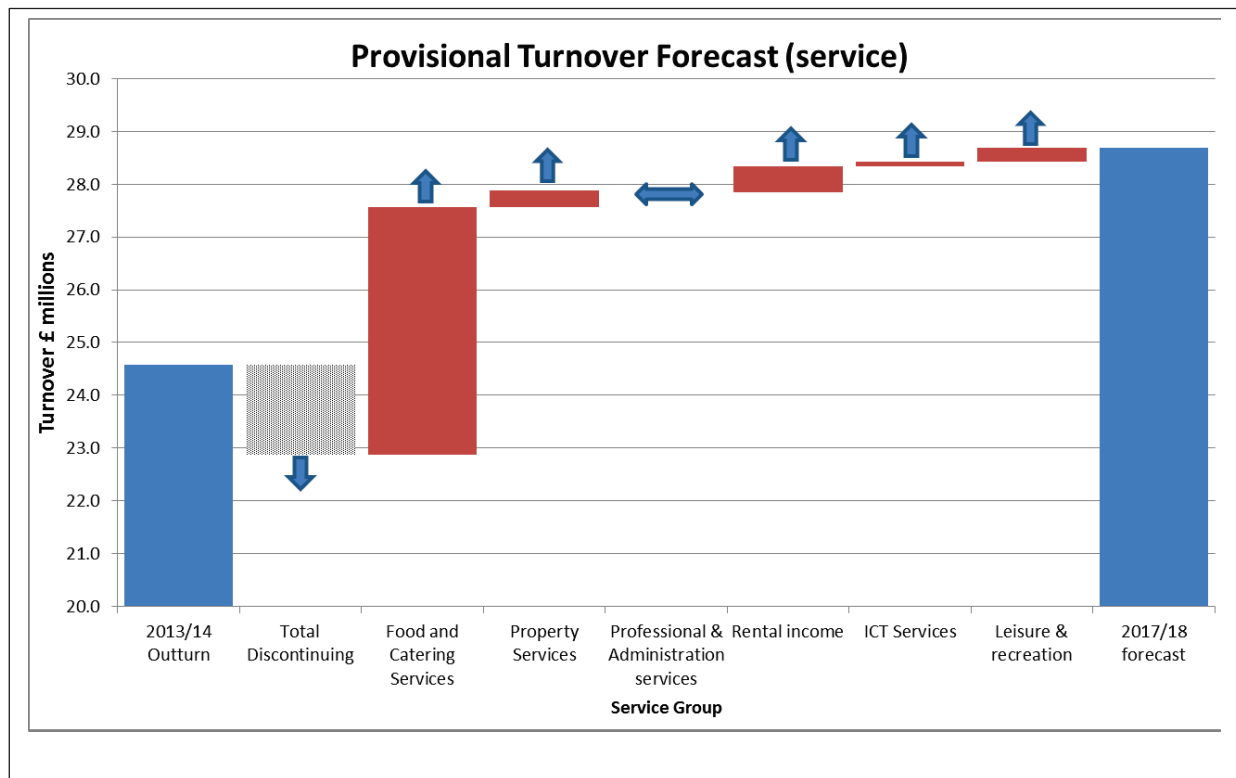
When considering whether to charge for services using the general charging power, Government advice is that they should consider the likely impact on local businesses and may wish to consult with them and other interested parties.

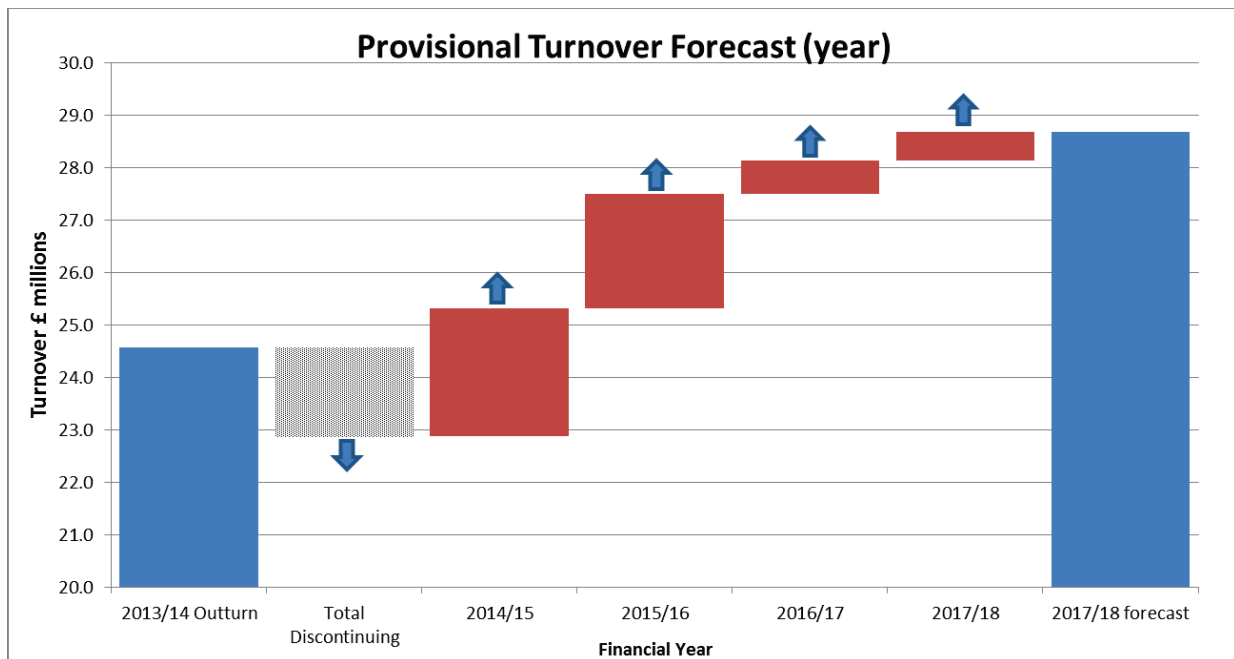
In considering the setting up of a company, a council should consider the following issues as part of its development:

- Start-up funding: how would funds be sourced to enable the company to operate in year 1 if income is not in place to recover those costs? Can a council set out to develop a business to make a reasonable surplus until such time as that surplus can support the activities as a separate company?
- Would the service have any certainty of business previously sourced from the council?
- Would the council buy back any internal use of the service?
- How will current services that provide a mix of internal function, statutory function and services which are charged for operate under two umbrellas (Council and Company)?
- How are the financial and other risks of the company to be addressed by the council (losses, staff reductions if costs aren’t recovered, lack of service to the council, loss of knowledge and skill from the council, increased company ownership risks/costs)?
- If a local authority wishes to trade with the private sector beyond a discretionary amount and without restriction it would have to set up a formal trading arm in the same way that Leeds City Council have (see paragraphs 82-86 of this report).

### Traded Services – Projections

155. Based upon provisional MTF5 forecasts the traded services turnover within Corporate Resources is expected to increase from £24.6 million in 2013/14 to 28.7m in 2017/18. This is despite the expectation that £1.7million of turnover will be lost to due to discontinuing services. The largest of these is the academies insurance scheme, which is likely to be replaced by a new Education Funding Agency arrangement from September 2015.
156. For services that are expected to continue trading turnover is expected to increase by £5.8 million (25%). The largest contributor being the School Food Service, whilst turnover was already increasing the introduction of free infant school meals is expected to have a significant beneficial impact.
157. Property Services, Rental Income and Leisure Services are all expected to have growth exceeding 15% over the period, contributing £1.1m of turnover between them. Increases are expected to be delivered through a combination of organic growth and investment in property assets such as County Hall and Industrial Properties.
158. The chart below shows the turnover increase by financial year. The first two years are heavily impacted by growth in free infant school meals, but even the later years show reasonable growth in excess of 2.5% per annum.





### Marketing: Deciding the Market and Product Growth Strategy

159. Through the discussions that took place within the Panel's meetings, Members continued to return to the issue of a marketing strategy. In their opinion, this would harness all of the good work currently being done by the disparate traded services into a cohesive strategy that would assist in developing objectives around:

- Increasing market growth;
- Increasing sales and turnover;
- Developing and strengthening the brand;
- Developing new products;
- Effectively managing and rationalising costs.

160. Members also acknowledged that devising an effective marketing strategy is not a quick fix and that the decisions that would need to be made that were not about focusing on short term gain but long term sustainability and success.

161. In the associated discussions, Members used the Ansoff matrix to assist in their deliberations and were keen that officers should use the model to assist in planning their future business strategies for any trading organisation. The Ansoff Matrix is a strategic planning tool that provides a framework to help decision makers devise strategies for future product and market growth. Members liked the fact that it is a simple, practical but effective tool.

#### Market Penetration

162. The first quadrant in the matrix (pictured on page 32) refers to market penetration. In exploring this dimension, the business focus is on devising a strategy that markets existing products to existing customers. The Panel reflected on the fact that through historical links with the County Council, existing trading services have strong links with schools and academies. There was strong consensus from the Panel that this needs to be

consolidated and built upon. Consideration should therefore be given by officers on how to:

1. Maintain and increase the market share of existing products;
  2. Continue to market existing products to existing customers;
  3. Increase the use of additional products by existing customers;
  4. Maintain and consolidate control within the existing markets
163. The Panel believed that, in the first instance there was an imperative to focus and build on the existing Leicestershire market penetration. They were encouraged to hear that Corporate Resources Managers were developing a database, which would identify market penetration across all existing services and which would enable more cross selling of products to customers.

164. Members reflected that this approach would be further enhanced by having an account management and sales infrastructure and a dedicated marketing resource to develop the brand and strategy.

#### **Product Development**

165. Another perspective of the Ansoff model relates to “product development” which specifically relates to developing and or creating new products. The Panel were keen to see more innovation and creativity, but they also accepted that creation of new products in some markets can mean

huge investment in research and development and establishing the product. Nonetheless in some instances, new products can mean that a business has made their products and services unique from rival products by developing distinctive capabilities. The Panel believed that there was more scope for development within this area.

#### **Market Development**

166. Using Ansoff’s model the Panel also considered market development, the question here was whether to enter one market or enter a range of different markets. The Panel were of the opinion that the County Council’s traded services should build on trading beyond Leicestershire and explore the possibility of doing more work for other public sector bodies. The Panel had no doubt that the services that they had reviewed had the capability and products to move into new geographical markets.

167. Some members of the Panel had an appetite for the County Council’s traded Services to venture further into markets where they would compete more with the private sector. The decision to look for more private sector work would have higher associated risks and it was highlighted that, in some instances, costs might outweigh the benefits. Although keen to explore market development, the Panel were aware that entry into new markets can be expensive.

#### **Diversification**

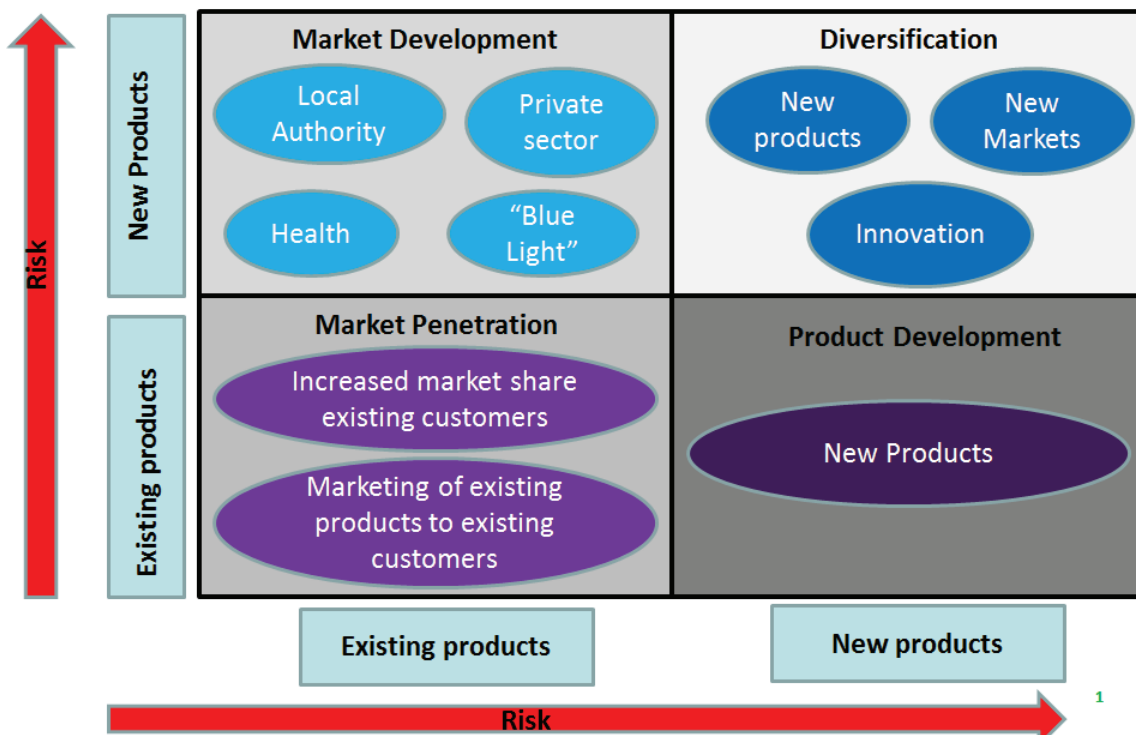
168. The final quadrant of Ansoff’s matrix focuses on diversification and

means embracing a journey that focuses on new products and new markets at the same time. In reviewing this aspect of the model the Panel once again saw its usefulness as an aid to taking a measured response to both opportunity and risk. A diversification strategy is clearly the most risky as a business ventures into unknown territory. The investment of adopting a diversification strategy could be huge.

products. They went back to basics in exploring the Chartered Institute of Marketing’s definition of marketing as “...the management process responsible for identifying, anticipating and satisfying customer requirements profitably.” In their summation they returned to the thought that at the core of any commercial activity and marketing strategy were people: the employees and the customer. Moving forward, they wanted to ensure that the voice of the customer was heard and that people were properly trained and they were the right people to do the job. This reinforced its view that any new trading entity would need to acquire additional skills around marketing sales and account management.

- 169. In summary, the Members hoped that officers would use the Ansoff matrix along with other models when defining their approach to examining new markets and

## Ansoff Matrix





## The Scrutiny Review: In Summary

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**The world is ever changing and customers are more discerning and demanding - markets are volatile, whilst social media and fast communications move at frenetic speed. The customer is not only king, but also kingmaker and reputation can be lost or made in a “tweet”. The Panel were keen that officers leading on traded services would need to constantly challenge the status quo. However, the Panel also expressed a preference for resilience and sustainability rather than impulsive action, which in an ever changing market could spell ruin to any commercial venture.**



The Panel were mindful that there was a journey to consider when commercialising public services. The separation of services from the County Council to another delivery model can be complicated and the borders of what are in and out of specific services are not always as clear as one might initially assume them to be. If this route was to remain a possibility then the transition would need to be managed carefully in order to minimise risk.

The approach of the Panel was to focus on supporting officers to develop an in-house infrastructure which would develop a shape and entity over time. In the short term, the focus would need to be on improving business and marketing plans, establishing sound pricing models and ensuring that sound financial rigour was in place. A robust infrastructure would provide a healthier trading organisation which might open up further opportunities for the County Council in the future. Although the initial focus was on the further development of an in-house trading operation, this did not prevent considering other delivery models at a later date. It was hoped that Elected Members would continue their involvement with the traded entity providing leadership and direction.

## Recommendations of the Review Panel

### General

- (a) That the County Council should continue to trade some of its services and further develop them to generate income to further contribute towards the Council's savings targets
- (b) That the existing full portfolio of traded services be reviewed and that those traded services:
  - (i) Delivered by the Corporate Resources Department be consolidated under one service lead;
  - (ii) Considered to be no longer viable in a changing marketplace should cease trading and focus on internal delivery;

### A New "Stand-Alone" Trading Unit

- (c) That a stand-alone trading unit be developed as part of the County Council, with its own brand and identity. This would:
  - (i) Enable it to have a clear and strategic position in the marketplace, with a stronger trading presence;
  - (ii) Maintain a link to the Council's corporate branding, with its reputation for high quality and value for money services;
- (d) Establish a dedicated marketing resource to ensure the trading unit is able to convey a

coherent message to new and existing customers;

- (e) Strengthen the existing trading arrangements and fill vital skills and capability gaps of business development, a sales and account management function be created within the trading unit to ensure that a consistent offer is in place and to enable the cross-selling of services;
- (f) That it be accepted that some services with a traded element would remain outside of the stand-alone entity.

### The Future

- (g) That, whilst it does not currently feel that a separate company should be created to cater for private sector trading, it will be necessary to keep a watching brief and that this position should be reviewed at a later date once a clearer picture can be taken of the new unit's delivery and performance;
- (h) That Elected Members have a vital role to play in championing the Council's traded offer to the local customer base (particularly district and parish councils) and that their expertise in the ongoing quality assurance role of traded services would be welcomed;
- (i) That a time table for the development of these recommendations be devised by January 2015 to enable officers to progress the work without delay and to enable the Chairman to assess progress against these recommendations in 8-10 months' time.



Mr. S. J. Hampson CC



Mr. E. D. Snartt CC



Mr. L. Spence CC



Mr. M. B. Wyatt CC



**Dr. Kevin Feltham CC**  
 Chairman of the Review Panel on Traded  
 Services and County Councillor for Gartree  
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## **APPENDICES**

## APPENDIX A The County Council's Current Traded Services

Below is a summary of the County Council's currently traded services, which excludes: partnerships (eg. Resiliency), those with an annual external income of less than £50,000 and statutory-based services - such as planning and parking enforcement.

County Council Department	Traded Service
<b>Corporate Resources</b>	Internal Audit Insurance Strategic Property (valuations) LEAMIS (ICT) Central Print School Food Support Services County Hall Catering School Bursar Service Property - Hard & Soft Facilities Management Beaumanor Sites Development - furniture/construction Forestry & Arboriculture Farms & Industrial property portfolio Governors Development Service Health, Safety & Wellbeing Human resources EMSS (Payroll & Human Resources admin) Sports facilities (Melton & County Hall)
<b>Children &amp; Families</b>	Anti-Bullying Psychology service Safeguarding Unit School Admissions & Pupil Services Support for Looked after children Specialist Teaching Service
<b>Environment &amp; Transport</b>	Business Waste Leicestershire Highways Operations Engineering Design Climate action Transport Data Modelling
<b>Chief Executive's Department</b>	Legal services Performance & Business Intelligence Registrars (partial) Historic & Natural Environment
<b>Adult &amp; Communities</b>	Adult Learning (grant supported) Libraries & Museums (partial)
<b>Other</b>	Eastern Shires Purchasing Organisation (ESPO)*

\*ESPO is a local authority purchasing consortium made up of the following six local authorities: Cambridgeshire County Council, Leicestershire County Council, Lincolnshire County Council, Norfolk County Council, Peterborough City Council and Warwickshire County Council.

## Outsource Service Provision

Transfers service delivery risks to external provider

### Overview

- Outsourcing involves externalising service delivery to an alternative provider – often a private sector organisation
- Typically a number of services are ‘bundled’ together and a single provider is sought to deliver these services
- A competitive procurement exercise is required to appoint an outsourced provider
- Council staff are generally transferred to the new provider under TUPE
- Service delivery risks are transferred to the outsourced provider
- A robust client side function is needed in order to manage the provider effectively and to set the strategic direction
- Provides access to private sector investment to fund service improvement

### Advantages

- Commercially independent
- Service delivery risk transferred to a third party
- Private sector capital and enterprise can improve delivery
- Low costs of implementation as the outsource provider may bear the cost of transition
- Can achieve sustainable quality & performance improvements – but only if underpinned by robust and effective contract management.

### Risks

- Uncertainty over current market interest
- Generally requires ‘bundling’ of services to be achieve critical mass
- Limited ability to influence outsource provider
- Limited opportunity for LA to take advantage of future efficiencies
- Difficult to reverse strategy in future years
- Need for high level of commercial skills in Local Authority.

### Example

- H&F, K&C and Westminster have jointly outsourced its finance and HR and transaction system to BT.
- For 13 years Cambridge Education managed the education services for the London Borough of Islington
- Hertfordshire County Council’s management services agreement has led to £25m savings to date.

# Joint Venture Company or Joint Committee

Reducing indirect costs & optimising resources through a new shared service company or joint committee

## Overview

- Shared services may involve the formal transfer of activity to another authority or shared responsibility
- A Joint Venture Company (JV Co) is a company created in partnership with a private sector organisation
- The risk and liability is shared between the Council and the private sector partner
- These approaches can work well for 'transactional' type services, and where service delivery processes are similar
- Delegation requires careful consideration of contract placement / award – commercial, legal and procurement regulations need to be closely adhered to as recent legal cases have exposed Councils who have not followed the correct procurement process
- Most JV Companies are a Company Limited by Guarantee – the Council holds an equity share and has senior officer and Member representation on the Company's Board

## Advantages

- Continued access to Council staff and expertise
- Certainty about service costs
- All partners have a stake – leading to stronger future relationship
- Council gains the benefit from the partner's experience and expertise in the marketplace
- Provides an opportunity to standardise processes to enable more effective use of resources

## Risks

- Requires strong contract management
- Performance management can be complicated
- More expensive, complex and time consuming than an outsourcing exercise
- Extensive investment may be required
- Establishing effective governance and management can be time consuming and complex
- The charging structure can prove complex

## Example

### Shared Services

- H&F, K&C and Westminster will share a range of services through the Tri Borough Accord.
- Newham & Havering have a shared ICT function.
- LGSS (Cambs & Northants) provides all corporate services.

### Joint Ventures

- Wellingborough Norse Ltd – JV between Borough Council of Wellingborough and Norse for Waste Collection.
- Staffordshire created 'Entrust' with Capita to provide £90m services to schools (e.g., FM, ICT, etc)

## Mutuals/Co-operatives

Business owned and run by and for their members

### Overview

- Co-operatives are a form of social enterprise.
- A cooperative is owned and run by and for their members, whether they are customers, employees or residents. As well as giving members an equal say and share of the profits, co-operatives act together to build a better world through co-operation.
- A new cooperative would be independent from the Council and if the Council chooses to set up cooperative, staff would become members of this new company.
- A cooperative organisation not only shares the same values but puts them into practice in the way that it operates. In a cooperative, every member has a vote to influence the decisions of the business and therefore the voice of the member (employee, service user or citizen) is represented.

### Advantages

- As Co-operatives are run democratically, there is a high level of opportunity for members e.g. (Workforce) to influence quality of services.
- Co-operatives are likely to offer some flexibility in reducing high costs associated with in house provision, to generate additional income as well as the potential for accessing additional funds and grants.

### Risks

- The Council would have little control or ability to influence if services were of a poor quality or moving in a different direction
- The Council would likely need to invest in set up and procurement costs.

### Example

- Shropshire Council set up People2People to deliver care assessments and provide targeted support.
- SEQOL (Swindon) has 845 employees delivering integrated health and social care.
- Evolve YP was set up as a mutual by social workers in Staffordshire to allow decisions to be made closer to the children and young people.

## Social Enterprise

Provides opportunity to involve partners but increases risk of failure

### Overview

- Social enterprises are established to provide services to the community
- Often seen as being better able to deliver services that meet the needs of their community than outsourcing
- Seek to trade successfully and can operate in all sectors of the market
- Can include a diverse range of stakeholders that can all play a role in running the organisation
- The majority have shared ownership. Any profits generated can be shared between members, but most co-operatives seek to retain profits and reinvest them in assets to improve service delivery
- The Council transfers the risk of service delivery
- Community co-operative examples include:
- Out of Hours GP Service – jointly owned and managed by multiple GP practices to

### Advantages

- Able to access alternative funding streams (e.g. future builders)
- Risk transferred to a third party
- Commercially independent
- Involves stakeholders and service users

### Risks

- As a small start-up organisation it can be potentially vulnerable in the early stages of development
- Securing external funding can be difficult
- Performance levels may initially decline during establishment period
- Uncertainty over the interest of communities to take on the responsibility of service provision
- Council loses influence over service quality

### Example

- The management of the Blenheim Garden Estate in Lambeth was transferred to a resident's organisation.
- Sirona is a SE delivering Adults and Children's health and social care services, and wellness services in Bath and North East Somerset, saving £9m over five years.
- Care Plus formed out of NE Lincs Care Trust Plus in 2011 to deliver health & social care services

# Local Authority Trading Company (LATC)

## Service Provision

Provides opportunity to innovate and reduce costs while Council retains ultimate control

### Overview

- The Local Government Act 2003 provides powers for a local authority to transfer in-house services to a trading company where the local authority is the majority shareholder
- Local authority trading companies (LATCs) can transform the delivery of directly provided services through:
  - Reshaping services to become more personalised
  - Making services more commercially competitive
  - Retaining in-house expertise while incentivising innovation
  - Working collaboratively with other partners who support the client group
- An LATC can include a range of other shareholders (including the private sector) to support and shape service innovation.

### Advantages

- Maintains a link to Local Authority influence and brand
- Reduce staffing and corporate costs
- Council retains any surplus
- More responsive and innovative
- It provides an opportunity to test the value of services
- Able to trade with all sectors of the market
- Potential to generate future capital receipts

### Risks

- Ultimate risk resides with the local authority as the majority shareholder
- Governance model requires balance between autonomy and control
- Council retains ultimate financial risk
- Potential conflict between local authority and LATC

### Example

- Buckinghamshire have recently set up Buckinghamshire Care to provide some Adult Social Care Services.
- Barnet Council set up The Barnet Group and transferred in its Learning Disability Services, Physical and Sensory Impairment Disability Services and Housing Needs and Resources Service.
- York City Council are establishing a LATC focused on corporate services, with the intention to expand it off to the private sector.

## 'In House' Service Provision

Provides continuity but with limited options to innovate and reduce costs

### Overview

- Local authorities have traditionally delivered a similar, consistent portfolio of services in-house
- Meeting financial challenge would result in significant reduction in services
- This has created a highly trained, highly experienced workforce capable of delivering high quality services
- This has resulted in organisations that deliver services using a single approach finding it difficult to respond to mounting financial and demand pressures
- In-house service providers are often not incentivised to challenge the status quo:
  - Is the service actually contributing to meeting the needs of citizens, communities or businesses?
  - Is the service being delivered as effectively and efficiently as possible?

### Advantages

- Members maintain control
- Requires little innovation or risk taking
- Reduces risk of catastrophic failure
- Does not require change in behaviours or relationships.

### Risks

- Personalisation results in under used services and assets while cost pressures increase
- Large service delivery costs remain unchallenged
- Citizens, communities and businesses needs remain unmet
- Unable to trade with large sections of the market
- Inflexible and non-adaptable.

### Example

- Historically this has been widely used across local governments, from Looked After Children through to Waste Collection and Benefits Processing.
- Many of the “blue collar” roles have traditionally been collated into a Direct Labour Organisation (DLO) or Direct Service Organisation (DSO) within the construct of a local authority.



## Overview of Delivery Models

Options	Potential benefits	Potential risks
<b>Outsource</b> Externalising service delivery to an alternative provider	<ul style="list-style-type: none"> <li>▶ Commercially independent</li> <li>▶ Risk transferred to a third party</li> <li>▶ Private sector capital and enterprise can boost delivery</li> </ul>	<ul style="list-style-type: none"> <li>▶ Uncertain market interest and ability to deliver</li> <li>▶ No opportunity for LA to take advantage of future value in the service</li> <li>▶ LA loses control over the services and has limited ability to intervene in the event of failure</li> </ul>
<b>Mutual / Cooperative</b> Co-operatives are businesses owned and run by and for their members	<ul style="list-style-type: none"> <li>▶ Offers flexibility in reducing high costs associated with in house, to generate additional income as well as the potential for accessing additional funds and grants</li> </ul>	<ul style="list-style-type: none"> <li>▶ Council would have little control or ability to influence if services were of a poor quality or moving in a different direction</li> <li>▶ Council would need to invest in set up and procurement costs</li> </ul>
<b>Joint Venture Company / Joint Committee</b> Jointly controlled entity or service	<ul style="list-style-type: none"> <li>▶ Build on best practice / reduce investment needs</li> <li>▶ Reduce indirect costs / overhead</li> <li>▶ Ability to restructure workforce</li> </ul>	<ul style="list-style-type: none"> <li>▶ Governance arrangements can be complex</li> <li>▶ May continue existing practices rather than promote innovation</li> </ul>
<b>Social enterprise</b> A company which combines commercial principles with a community philosophy	<ul style="list-style-type: none"> <li>▶ Able to access alternative funding streams</li> <li>▶ Risk transferred to a third party</li> <li>▶ Commercially independent</li> <li>▶ Reinvests its profits into the business or local community</li> </ul>	<ul style="list-style-type: none"> <li>▶ No opportunity for LA to take advantage of future value in the service</li> <li>▶ Securing external funding is risky</li> <li>▶ Performance levels may initially decline during establishment period</li> <li>▶ Council has limited ability to intervene in event of failure</li> </ul>
<b>Local Authority Trading Company (LATC)</b> Set up by and remains legally connected to the Council, with freedom to act as a company and can compete in the open market	<ul style="list-style-type: none"> <li>▶ Trade on LA brand and reputation</li> <li>▶ Council retains ownership and any surplus</li> <li>▶ Reduce LA staffing and corporate costs</li> <li>▶ LA continues influence over services</li> <li>▶ Able to be flexible to market needs</li> <li>▶ Able to trade with all sectors of market</li> <li>▶ Future option to extend range of services</li> </ul>	<ul style="list-style-type: none"> <li>▶ Pension under-funding</li> <li>▶ Redundancy and pension strain</li> <li>▶ Uncompetitive service provision</li> <li>▶ Adverse effects of increased Self Directed Support</li> <li>▶ Potential conflict with the wider supplier market</li> <li>▶ Potential tension between the independent LATC and its owner</li> </ul>
<b>In house provision</b> Provision of services by the Council	<ul style="list-style-type: none"> <li>▶ Minimal disruption</li> <li>▶ Existing management approach and structures can be maintained</li> </ul>	<ul style="list-style-type: none"> <li>▶ Unable to afford to maintain current levels of service</li> <li>▶ Inflexible and non-adaptable (e.g., personalisation, choice, etc)</li> <li>▶ Constrained by Council's corporate pay &amp; reward structures</li> </ul>

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