



Meeting: **Scrutiny Commission**

Date/Time: **Wednesday, 28 January 2015 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 5 November 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. Medium Term Financial Strategy 2015/16 - 2018/19 - Context Setting and Overall Position. Director of Corporate Resources

The Director of Corporate Resources will provide an oral update under this item.

Mr. N. J. Rushton CC, Leader of the Council, and Mr. J. B. Rhodes CC, Cabinet Lead Member for Corporate Resources, have been invited to attend for the Medium Term Financial Strategy (MTFS) items.

A copy of the following documents is attached for Commission members only:

- MTFS Report considered by the Cabinet on 11 December 2014
- MTFS Report considered by the Cabinet on 14 January 2015
- The County Council's response to the Local Government Settlement
- "Leicestershire's Future" Consultation on Draft Financial Plan 2015-19

9. Medium Term Financial Strategy 2015/16 - 2018/19 - Corporate Resources and Corporate Items. Director of Corporate Resources (Pages 11 - 28)
10. Medium Term Financial Strategy 2015/16 - 2018/19 - Chief Executive's Department. Director of Corporate Resources and Chief Executive (Pages 29 - 44)
11. Consideration of Responses from Overview and Scrutiny Committees.

The purpose of this item is to enable consideration of the responses of the following Overview and Scrutiny Committees to their respective areas of the Medium Term Financial Strategy:

- Adults and Communities Overview and Scrutiny Committee
- Children and Families Overview and Scrutiny Committee
- Environment and Transport Overview and Scrutiny Committee
- Health Overview and Scrutiny Committee

12. Commissioning and Procurement Strategy. Director of Corporate Resources (Pages 45 - 96)

A copy of the report to be considered by the Cabinet at its meeting on 6 February 2015 is attached for the consideration of the Commission.

13. Date of next meeting.

The next meeting of the Commission is scheduled to take place on 4 March 2015 at 2.00pm.

14. 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?



Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Wednesday, 5 November 2014.

PRESENT

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

Mrs. R. Camamile CC
Dr. R. K. A. Feltham CC
Mr. S. J. Hampson CC
Dr. S. Hill CC
Mr. D. Jennings CC

Mr. K. W. P. Lynch CC
Mrs. J. Richards CC
Mr. S. D. Sheahan CC
Mr. R. J. Shepherd CC
Mr. L. Spence CC

Also in attendance:

Mr. J. B. Rhodes CC, Cabinet Lead Member for Corporate Resources (for Minutes 154 and 155)

147. Minutes.

The minutes of the meeting held on 10 October 2014 were taken as read, confirmed and signed.

148. Question Time.

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

149. Questions asked by Members.

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

150. Urgent Items.

The Chairman reported that he had agreed to consider an item on Welfare Provision which was of an urgent nature as a result of the need to report the Commission's comments to the Cabinet meeting where the matter would be considered.

151. Declarations of Interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

No declarations were made.

152. Declarations of the Party Whip.

There were no declarations of the party whip.

153. Presentation of Petitions.

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

154. Review of Earmarked Funds, Balances and Contingency.

The Commission considered a report of the Director of Corporate Resources concerning the findings of a detailed review of revenue earmarked funds. A copy of the report, marked "Agenda Item 8" is filed with these minutes.

The Chairman invited the Cabinet Lead Member to introduce the report. Mr. Rhodes CC stated that the Council currently had £97.1 million of reserves, but that this figure was projected to be £78 million by the end of the financial year. A key outcome of the Review had been the establishment of a Transformation Fund of £29 million to help the Council to achieve further savings.

Arising from the discussion, the following points were noted:

- It was possible that some of the Transformation Fund could be moved into the County Fund to deal with risks around capital expenditure and the implications of the Care Act. The position in respect of the Transformation Fund would be reviewed at the end of the year;
- In response to concerns raised around cuts in prevention work and highways maintenance which could lead to the Council having to act on "emergency" basis further down the line, the Lead Member responded by stating that the Council needed a sustainable approach to the identification of savings. It was not felt that the postponement of savings would be prudent;
- In regard to the comparison of reserves with other authorities contained in paragraph 64 of the report, it was noted that risk amongst local authorities was growing each year. Whilst the Council was committed to minimising borrowing and debt, it was known that some authorities had taken a different approach;
- If the Council were to reduce reserves there would be a knock-on increase in risk which could lead to the Council not achieving the savings in the MTFs. This could in turn lead to in-year changes to the revenue budget and to emergency service reductions. In taking the approach it had, the Council had balanced a number of factors.

It was moved by Mr. Sheehan CC and seconded by Mr. Spence CC:

"That the Cabinet be urged to use the extra flexibility and additional resources in the Transformation Fund to do more to mitigate the cuts, particularly where it is evident that there would be a severe impact on services."

An amendment was moved by Mr. Shepherd CC and seconded by Dr. Feltham CC:

“That the explanations given by the Cabinet Lead Member and officers for the additional resources in the Transformation Fund be noted and that the Cabinet be encouraged to continue to be both scrupulous and prudent in administering these funds.”

The amendment was put and carried, 6 members having voted for the amendment and 1 against with 4 abstentions.

The substantive motion was then put and carried, 6 members having voted in favour, 0 against and with 5 abstentions.

155. 2014/2015 Medium Term Financial Strategy Monitoring (Period 6).

The Commission considered a report of the Director of Corporate Resources concerning an update on the 2014/15 revenue budget and capital programme monitoring position. A copy of the report, marked “Agenda Item 9”, is filed with these minutes.

There would likely be cost implications for the Council in carrying out the functions of the Care Act, which the Government had stated would be “cost neutral”. Concern existed around the performance of the Adults and Communities Department in achieving savings and these issues were currently being reviewed.

RESOLVED:

That the report be noted.

156. County Council Annual Performance Report.

The Commission considered a report of the Chief Executive concerning the County Council’s Draft Annual Performance Report for 2013/14. A copy of the report, marked “Agenda Item 10”, is filed with these minutes.

In introducing the report, the Chief Executive reported the following amendments which had been made following publication of the Commission agenda papers:

- Page 104: deletion of 4th quartile for % workforce disabled and % workforce committed to equality – as no direct comparator available. Stonewall ranking to be changed to 1st quartile;
- Page 106: NEET - should read “1st quartile” rather than “3rd quartile”. Housing delivery quartile positions to be deleted, as none were currently available;
- Page 108: service users social contact should read “2nd quartile” rather than “3rd quartile”;
- Page 109: safeguarding adults – should read “2nd quartile” and “1st quartile” respectively;
- Page 117: road accidents – should read “3rd quartile” and “1st quartile” respectively. For carbon emissions data “4th, 3rd and 2nd quartiles” to be deleted, as none were currently available;

- Page 118: waste – delete first “3rd quartile” figure and replace the second two quartiles (3) with 1 and 2 respectively.

Arising from the ensuing discussion, the following points were noted:

- As the Council’s “Crime and Disorder” Scrutiny Committee, the Commission was significantly concerned by the rise in domestic burglary, incidents of violence and vehicle crime. It would be necessary to raise these issues with the Police and Crime Panel;
- There was a need to ensure that the reasons behind increased staff sickness absence were understood and action was being taken to support staff under particular service pressures or stress. It was noted that the Employment Committee received a standing item on sickness absence levels and was actively pursuing improvements in this area;
- A clearer understanding of the strategy being pursued by the Leicestershire Educational Excellence Partnership and the supporting work that would be carried to ensure further improvement in educational attainment, particularly at Key Stage 4 and 5. It was noted that the Children and Families Overview and Scrutiny Committee had expressed concern in this area at its meeting on 3 November and had stressed the importance of the Council’s role in driving forward improvements in schools and academies;
- The importance of work on Health and Social Care Integration in driving improvements to the performance of the overall health and social care system and tackling pressures in both adult social care and the acute sector was stressed;
- It was suggested that future Annual Reports place a greater emphasis on the details that lay behind the percentages in the performance data dashboards. It was noted that, where numbers were low, slight variations could lead to large percentage changes and significant changes in the comparative performance position.

RESOLVED:

- (a) That the comments of the Commission on the Annual Performance Report be submitted to the Cabinet for consideration at its meeting on 19 November;
- (b) That the Chairman of the Commission write to the Chairman of the Police and Crime Panel (Mr. J. T. Orson JP CC) stating the Commission’s concern at the rise in crime with a view to having him attend a future meeting of the Commission to report back on how he has challenged the Police and Crime Commissioner on these issues;
- (c) That the concerns of the Commission in regard to the rise in sickness and stress absence be drawn to the attention of the Employment Committee.

157. Urgent Item: Leicestershire Welfare provision from 2015.

The Committee considered this matter, the Chairman having decided that it was of an urgent nature in order to submit its comments as a consultee prior to consideration by the Cabinet. A copy of the report, marked "agenda Item 11", is filed with these minutes.

The Chief Executive reported corrections to the report circulated with the agenda as follows:

- Page 1: paragraph 4 to read "April 2013" instead of "April 2014";
- Page 1: paragraph 6 to read "September 2014" instead of "September 2015".

Arising from the discussion, the following points were noted:

- The Government was reconsidering the funding for this area of work and was consulting on four options, as referenced in paragraph 25 of the report, the outcome of which was expected in December. It was felt that a robust response to the consultation was required, stressing the importance of ongoing funding beyond April 2015;
- A number of options were being considered by the Council in terms of its ongoing support for this piece of work. This was likely to focus around support for signposting to other services including by building in additional capacity in the Council's Employee Service Centre and targeted additional funding to help other service providers manage increased demand. It was acknowledged that there was likely to be a knock-on increased demand for Citizens' Advice Bureaux services.

RESOLVED:

- (a) That the comments of the Commission be submitted to the Cabinet for consideration;
- (b) That a robust response be issued from the Council questioning the Government's decision to remove funding for this work beyond April 2015.

158. Final Report of the Scrutiny Review Panel on Traded Services.

The Commission considered the Final Report of the Scrutiny Review Panel on Traded Services. A copy of the report, marked "Agenda Item 11", is filed with these minutes.

The Final Report was, subject to the approval of the Scrutiny Commission, due to be considered by the Cabinet at its meeting on 19 November.

Dr. Feltham CC, Chairman of the Panel, introduced the Final Report by stating the aims of the Review, which were:

- To understand the challenges facing the County Council and the rationale behind the need to be pro-active in the area of traded services;
- 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 understand any risks associated with the current approach and ensure that appropriate monitoring arrangements were in place;
- To develop and test the Council's Commercial Services Strategy and to make any improvements in light of intelligence gained from experts.

Arising from the ensuing discussion, the following points were noted:

- The Review process had been helpful to officers as well as members, the culmination of which had provided a clear direction of travel to maximise the potential of the Council's traded operations. It was noted that members would have a level of ongoing involvement in this work to ensure that it remained on track;
- Though the mutuals and co-ops model was not being pursued at this time, it was noted that it and the others models available would remain considerations going forward;
- The importance of an account management function was stressed in order to develop the Council's customer base;
- Members would have a role to play in "championing" traded services to other authorities and agencies.

RESOLVED:

- (a) That the Scrutiny Review Panel's Final Report and recommendations be commended to the Cabinet for consideration at its meeting on 19 November 2014;
- (b) That, subject to Cabinet approval, the Chairman of the Panel be asked to ensure that progress was being made against the Panel's recommendations.

159. Date of next meeting.

It was NOTED that the next meeting of the Commission would be held on 28 January 2014 at 2.00pm.

2.00 - 4.20 pm
05 November 2014

CHAIRMAN



SCRUTINY COMMISSION - 28 JANUARY 2015

MEDIUM TERM FINANCIAL STRATEGY 2015/16 – 2018/19
CORPORATE RESOURCES & CORPORATE ITEMS

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of Report

1. The purpose of this report is to:
 - a) provide information on the proposed 2015/16 to 2018/19 Medium Term Financial Strategy (MTFS) as it relates to the Corporate Resources Department and Corporate Items; and
 - b) ask the Commission to consider any issues as part of the consultation process and any response it may wish to make.

Policy Framework and Previous Decisions

2. The County Council agreed the current MTFS in February 2014. This has been the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2015/16 – 2018/19 was considered by the Cabinet on 11 December 2014.

Background

3. Reports such as this have been presented to the relevant Overview and Scrutiny Committees. The Cabinet will consider the results of the scrutiny process before recommending a MTFS including a budget and capital programme for 2015/16 to the meeting of the County Council on the 18 February 2015.

Financial Strategy

4. The MTFS is set out in the report to the meeting of the Cabinet on 11 December, a copy of which has been circulated to all members of the County Council. This report highlights the implications for the Corporate Resources Department.

Service Transformation

5. The savings proposals outlined in the MTFS for Corporate Resources can be delivered under the existing operating model. Whilst this provides assurance that the savings can be delivered it may not be the best approach to providing support services for the County Council in the longer term.
6. Although the delivery of the savings is expected to be extremely challenging it provides an opportunity to review how support services across the County Council are to be

delivered. The intention is to starting with the question “what sort of support services will the organisation need in the future?” Transformation will lead to designing a new streamlined, concentrated and coordinated support service function to enable the County Council to cope with the reduced support service capacity.

7. The transformation of support services will require:
- A review of the current organisation of support functions, both within Corporate Resources and across the County Council.
 - Developing the existing manager self-service model.
 - Strengthening support for commissioning and partnering.
 - Changing the level and type of support where services have reduced or changed focus.
 - Maintenance of support for the County Council’s Transformation Programme.
8. Even without a new operating model the characteristics of the Corporate Resources Department have changes significantly. The Department has always had three purposes, namely:
- Provision of support services for the County Council,
 - Direct provision of several front line services and
 - Management of Traded services.
9. The relative size of these has changed, over time, the most drastic change being the dependency upon external income. In 2010-11 74% of the Department’s costs were funded by grants and Council Tax, by 2015/16 this will have reduced to 55% with the level expected to have reduced to below 50% by the end of the current MTFS.
10. Whilst trading does present opportunities for the County Council it also has the potential to increase the level of volatility in the Department’s finances. This is compounded by the reduction in discretionary expenditure, following savings, meaning that the proportion of fixed costs has increased.

Proposed Revenue Budget

11. The table below summarises the proposed 2015/16 revenue budget and provisional budgets for the next three years. The proposed 2015/16 revenue budget is shown in detail in Appendix A.

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Updated original budget	32,859	33,924	31,719	29,689
Other changes	0	0	0	0
Budget Transfers and Adjustments	3,010	0	0	0
Sub Total	35,869	33,924	31,719	29,689
Add proposed growth (Appendix B)	340	20	30	30
Less proposed savings (Appendix B)	-2,285	-2,225	-2,060	-3,945
Proposed/Provisional budget (Appendix A)	33,924	31,719	29,689	25,774

12. Detailed budgets for 2015/16 have been compiled on the basis of no pay or price inflation, a central contingency will be held which will be allocated to services as necessary. The central contingency also includes provision for an increase in the employer's contribution to the Local Government Pension Scheme in 2015/16 and the following three years based upon the triennial actuarial revaluation of the pension fund.
13. The proposed net budget for 2015/16 totals £33.9m and is set out below:

	£000
Employees	41,879
Running Costs	32,621
Gross Costs	74,500
Income	-40,576
Net Budget	33,924

Other Changes and Transfers

14. A number of budget transfers (£3.0m) were affected through the 2014/15 financial year that are now adjusted for in the updated original budget. These occur as a result of budget transfers enacted during the year arising from:
- a transfer from the centrally held inflation contingency to cover unavoidable increases on external supplies, primarily utility costs, building maintenance expenditure and corporate contracts (£0.4m);
 - a transfer of the corporate growth relating to property maintenance and ICT to the department (£0.3m);
 - a transfer to the department for the costs of supported employment that was previously held by the Adults & Communities Department (£0.2m);
 - Amalgamation of departmental change budgets with the Change Management Unit budget to form the Transformation Unit (£0.7m);
 - Centralisation of existing property and liability insurance expenditure, from all departments, into a centrally held budget (£1.4m)
15. Growth and savings have been categorised in the appendices under the following classification;
- * item unchanged from previous MTFS
 ** item included in the previous MTFS, but amendments have been made
 No stars - new item
16. This star rating is included in the descriptions set out for growth and savings below.

Growth Items

17. Details of proposed growth are set out in Appendix B and total a net reduction of £0.1m. These are detailed in the following paragraphs.

Corporate Resources Items

18. ** G19 Revenue consequences of Corporate ICT capital programme & PSN compliance; £40,000 in 2015/16 rising to £120,000 by 2018/19.
The draft capital programme includes provision for the replacement of ICT infrastructure and licences. This revenue growth relates to support and licensing costs of the upgraded and expanded infrastructure.
Also included here is investment in software to manage mobile devices (£25,000), to maintain compliance with the Public Service Network (PSN) requirements.
19. G20 Data Integrity & Systems Resilience; £200,000 in 2015/16.
The technology environment of the County Council has become increasingly complex, with a growing need to integrate increasingly sophisticated systems. To ensure that the services can continue to rely upon a robust technology environment and ensure that systems changes can be supported growth is proposed in two areas:
- In the finance function to maintain the integrity of information and operation of financial process. The new roles will perform and resolve reconciliation between systems, monitor the status of transactions in financial processes and provide expertise with issues or when systems are changed.
 - ICT has a requirement for two new roles. Firstly to co-ordinate and schedule work requirements on ICT systems and the provision and management of environments for large scale projects. The second role will have two key purposes i) forward planning of technological infrastructure and ensuring best practice implementation procedures are in place; ii) Planning and operation of the ICT Disaster Recovery plan.
20. G21 Development of Digital Services; £100,000 in 2015/16.
As part of the delivery of the Online Services project, a new Digital Services Team is being created. This will provide direction for all digital initiatives, such as creation of new microsites and supporting service changes, for example online requirements from the Care Act. The new team will lead a more customer focussed approach, with this funding providing for the additional staff roles and initial website costs related to the increased requirement for website usage information, user research skills and hosting of websites.

Corporate Items

21. * G22 Removal of time-limited growth for school place planning strategy; reduction of £500,000 in 2015/16.
One-off funding of £0.5m was provided in 2014/15 to establish a dedicated cross departmental team to research, plan and co-ordinate the significantly increased C&FS capital programme.

Corporate Resources Savings

22. Details of proposed savings are set out in Appendix B and total £10.5m. These are detailed in the following paragraphs.

Transformation Savings

23. There is an implicit assumption for the majority of the savings being proposed for Corporate Resources that the organisation will reduce in both size and number of activities. Whilst the majority of these savings are classed as efficiency there will be an impact internally upon the County Council. Expected implications include:
- More requirements for managers and staff, to embrace self-service.
 - There will be less capacity to support transformation. These requests will have to be met from one-off resources, primarily the transformation earmarked fund.
 - Central departments will be less responsive to requests for support, with a need to prioritise.
 - Central support will be more standard in nature.
 - Greater financial dependency on traded services, i.e. as Corporate Resources shrinks and their relative financial contribution grows.
 - The County Council will need to consider new ways to mitigate a potential increase in risks.

24. The specific saving proposals are detailed below.

25. ** T24 Review of Strategic Finance & Property; £100,000 in 2014/15 rising to £720,000 by 2018/19.

The main source of savings will be delivered through staffing reductions, across all of the main teams and levels of staff (£655,000). Due to its size relative to the other functions accountancy represents the majority of staff savings, this will be partially enabled by the implementation of a new reporting tool.

Additional income from Internal Audit's trading will make a contribution to the section's savings (£25,000). The balance of savings (£40,000) has been secured by increasing the County Council's self-insured retention in respect of the liability risk from £150,000 to £250,000. The reduction in premium is expected to more than offset the additional claims that the County Council will have to pay directly for.

26. ** T24 Operational ICT review; £480,000 in 2015/16 rising to £2,140,000 by 2018/19.

The largest element of savings will be achieved through staff reductions (£960,000), although this could change depending upon the success of other schemes. These will be achieved through a range of initiatives, including: consolidation of teams, automation of tasks and standardisation of equipment/systems.

Contract reductions are a significant contributor to the overall total (£870,000). This will be found across a range of external contracts, through a mixture of renegotiation, system/equipment replacement and rationalisation of use. Although deliverability is dependent upon external parties and replacement of existing equipment/systems approximately one third of these savings have already been secured.

Improvements in Operational ICT's trading activities are expected to make an increased contribution (£310,000) from a combination of new customers and reducing support costs. This will, in part, be dependent upon securing contracts with schools outside of Leicestershire.

27. ** T24 Review of People, Procurement and Transformation; £365,000 in 2015/16 rising to £875,000 by 2018/19.

The main source of savings will be delivered through staffing reductions (£745,000). Savings in management and staff will be targeted from HR, Learning and Development (L&D) and the Transformation Unit.

Additional income will contribute to the section's savings (£70,000). This is from a combination of expanding the existing Health and Safety trading with academies and trading of L&D services to the social care sector.

The balance of savings (£60,000) is expected to be delivered through a reduction in lower priority L&D expenditure.

28. ** T24 Strategic Information Technology & Comms Review; £55,000 in 2015/16 rising to £590,000 by 2017/18.

The main area of savings is expected to be staff reductions (£510,000). This will be from reductions in capacity for the following functions: Management, Architecture and Solution Design, Information governance/security, Online and data management and Communications.

The main contribution from non-staff savings (£80,000) is expected to come from additional income from design and media relations.

29. ** T24 Operational Property review; £655,000 in 2015/16 rising to £1,770,000 by 2018/19.

The facilities management and maintenance contracts are the main contributors towards reduced contract expenditure (£930,000). Cost reductions will be delivered through renegotiation supported by smaller savings from specification reductions and reduced waste and postage costs.

Additional income is a significant contributor to the savings in this area (£245,000.) The majority will be achieved from the industrial properties and farms portfolio. Additional investment is proposed through the capital programme to improve the occupancy levels of the estate. Increased trading contribution from the various property services is also proposed, with academies expected to be the main source of additional income.

Savings from site closures (£200,000) relating to a range of service changes will deliver savings over the course of the MTFs. The savings are dependent upon the site being disposed of rather than usage simply reducing.

A range of initiatives are proposed to deliver staff savings from a number of teams (£245,000). The balance of the savings (£150,000) has been achieved from a review of and reduction of a range of budgets across the function.

30. ** TBC Senior Management & Business Support; £140,000 in 2016/17 rising to £310,000 by 2018/19.

A reduction in the senior management and associated support is proposed. The savings has been expanded to include potential benefits from a wider review of business support.

31. ** TBC Improvements to Properties and Assets; £200,000 in 2015/16 rising to £760,000 by 2018/19.

Savings are proposed from a more energy efficient property estate (£400,000). The contract to implement the initial capital work is currently being undertaken, with the largest benefits expected to be gained from installation of solar panels and a biomass boiler at County Hall. In addition a range of lower cost and behavioural change measures have been identified to enable savings. This will allow a rolling implementation programme of a wide range of invest to save projects, for the entire corporate estate.

Further savings (£360,000) relate to the County Hall Master plan project. This transformation project aims to invest and implement new ways of occupying the existing County Hall campus to reduce property running costs, particularly by vacating high energy use areas and increasing space available for rental to external parties.

Departmental Savings

32. ** D81 Improved performance and growth of trading services; £735,000 in 2015/16 rising to £1,150,000 by 2018/19.

In addition to existing MTFS improvement targets an additional contribution (£1 million) was targeted from traded services in the department. This has been combined with the existing School Food Service target (£150,000), although it should be noted that other trading improvements are contained within other savings lines and identified in the accompanying explanation.

The School Food Service (£735,000) is the largest contributor to this saving. The launch of universal infant free school meals has resulted in a significant increase in take-up for the service. Whilst accommodating additional meals volume the service has improved its productivity (meals produced per hour) and maintained its cost of central support. If the policy is discontinued there will be a detrimental impact upon the earnings of the service.

The industrial property and farms portfolio will make an additional contribution (£305,000). As described in paragraph 29 capital investment will allow improvements to the estate resulting in improved rental income and reduced maintenance costs.

Other property services will contribute to the saving (£230,000), with the Sites Development service providing the majority of this through additional trading with a wider range of customers.

The final contribution to this savings area is from the ESPO surplus (£50,000), as confidence grows that the level received in recent years is sustainable.

The launch of the Education Funding Agency's new risk pooling insurance arrangement for Academies has ended the County Council's own scheme. Whilst mitigations continue to be investigated they will not be able to resolve all of the lost contribution. Hence the savings above are partially offset by the loss of Insurance income (£170,000).

33. ** D82 Efficiency savings from sharing services with Nottingham City Council; delayed saving of £190,000 in 2015/16 changing to a £200,000 saving in 2017/18.
Since its launch the East Midlands Shared Service (EMSS) has delivered £920,000 of efficiency savings of which LCC's share is £460,000. Whilst the intention remains that the remaining MTFs savings will be delivered, stabilisation of the service has taken longer than expected. Plans to deliver the remaining savings are being developed.
34. D83 Review of the Customer Service Centre; saving of £130,000 in 2018/19.
Efficiency improvements planned for the Customer Service Centre are expected to create capacity within the existing teams. This will allow either headcount reductions or additional work to be taken on with minimal headcount increase.
35. ** D84 Contingency; £175,000 reduction in 2015/16 changing to a £50,000 reduction by 2018/19.
The various savings proposals outlined in the paragraphs above have different degrees of risk associated with them. The Department continues to set a higher savings target than required. This will provide a contingency if some of the proposed changes are not fully achieved or delayed.
36. ** D85 Country Parks & Forestry - reduction of maintenance on parks and cessation of the free tree planting scheme; £10,000 in 2015/16 rising to £55,000 in 2017/18
The forestry element of this saving relates to a cessation of the free tree scheme that was initially reduced in the last MTFs (£35,000). The Country Parks proposal is for the existing number of sites to be maintained with fewer resources.
37. ** D86 End support for community ICT; £70,000 in 2016/17.
It is proposed to withdraw internal and third party contract support for Community ICT that is currently provided without charge. This support covers Leicestershire Villages and a number of partnership sites.
38. D87 Vacancy management for supported employment; £50,000 in 2015/16 rising to £100,000 by 2017/18.
As retirements take place over the next few years the intention is not to replace staff who leave or reduce their working hours. There are currently 28 FTE in this area, including team leaders and supported employees.

Emerging Savings

39. E81 Further review of strategic support to departments; £280,000 in 2017/18 rising to £1,695,000 by 2018/19.
Due to the nature of the various strategic functions the savings will be predominantly from staff reductions. The intention is to review the way support services are delivered to mitigate some of the adverse impacts of these savings. Although increased use of prioritisation and a change in the way departments are supported is inevitable.

An initial allocation of the savings have been made to aid planning, although a key uncertainty remains about the relative demand on resources in the future. The provisional allocation of savings is:

- £0.4m Strategic Information & Technology
- £0.2m Transformation
- £0.6m People & Procurement
- £0.5m Strategic Finance & Property

Other Funding

40. Corporate Resources receives a significant amount of trading income from external sources, including retained schools. For 2015/16 this trading income is expected to be in excess of £30m or 40% of the gross departmental budget. Schools and academies are the largest customer group accounting for £20m of the income. The certainty of this income has reduced due to cost pressures being faced by public sector partners and the academy conversion process that has increased competition. Trading performance continues to be encouraging, but significant uncertainty exists in the markets that the Department operates in.
41. Earmarked funds are used to supplement the base budget where available resources are not sufficient to meet demand. Over the course of the MTFs the main reason for holding earmarked funds is expected to support the transformation programme and other departmental initiatives. Significant activities that are financed by the earmarked funds, which have been identified to date, are: The funding of additional Transformation Unit resource, project expenditure (e.g. County Hall Masterplan), ICT development work, ICT renewals and property asset management projects. Additional use of earmarked funds may be added during the year, if projects are approved for implementation that cannot be met through the base budget.

Capital Programme

Corporate Resources Programme

42. The draft Capital Programme is summarised in the following table and the detailed programme is set out in Appendix C. The programme is discretionary, hence is funded from general capital receipts and revenue funding, with a contribution from earmarked funds.

Project	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
ICT Services	1,450	500	600	950	3,500
Industrial Properties & County Farms	400	400	400	400	1,600
Melton KE VII - Replacement Playing Fields	400	0	0	0	400
Total	2,250	900	1,000	1,350	5,500

43. The ICT Services programme covers three broad areas:

- Re-provisioning of the ICT data centre at County Hall (£950,000 in 2015/16). The current facilities do not meet modern standards from a technology resiliency or energy efficiency point of view.
- The on-going replacement, capacity growth and essential upgrading of ICT infrastructure across the corporate estate (£500,000 per annum growing to £550,000 from 2017/18). The actual expenditure will depend upon which needs arise and their relative importance. The main items of expenditure over the MTFs period are expected to be; increase capacity and renewal of the Storage Area Network (SAN); upgrade and replacement of servers with a focus on improved resiliency; telephony replacement and upgrades.

- Refresh of the corporate wide area network whose contract expires in summer 2018 (£450,000 from 2017/18 to 2018/19). This project is funded from the ICT Renewals earmarked fund, built up from annual contributions.

44. The Industrial Properties & County Farms scheme consists of two parts:

- County Farms investment (£150,000 per annum) for continued general upgrade of facilities at all sites in order to meet statutory and contractual requirements.
- Industrial Properties investment (£250,000 per annum) will allow improvements to the existing estate resulting in improved occupancy levels and reduced maintenance costs. This scheme is funded by income earned through the portfolio of industrial properties.

45. The Melton KE VII - Replacement Playing Fields scheme is an investment, subject to business case, to improve the potential sale value of surplus land. The investment will require some expenditure at the former King Edward VII School in Melton Mowbray and provision of replacement playing fields.

Corporate Programme

46. The draft Capital Programme is summarised in the following table and the detailed programme is set out in Appendix C. The programme is discretionary, hence is funded from general capital receipts and revenue funding.

Project	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Corporate Asset Investment Fund	1,500	5,000	5,000	3,500	15,000
Energy Strategy	900	1,320	0	0	2,220
County Hall Master Plan	1,500	1,760	500	500	4,260
Total	3,900	8,080	5,500	4,000	21,480

47. The Corporate Asset Investment Fund has been established, with oversight from the member led Asset Investment Fund Board, to add and develop the County Council's portfolio of property and land assets including County Farms and commercial properties with a view to:

- Meet the aims of economic development.
- Improving the quality and quantity of land and property available.
- Ensuring the sustainability of the County Farms portfolio by replacing land sold.

48. It will have the incidental benefit of generating a surplus which could be used to support the County Council's functions.

49. The Energy Strategy programme is a series of invest to save measures to deliver revenue savings and carbon reduction in line with the Environment Strategy. The types of improvements being implemented include: renewable energy generation, behavioural change, energy efficiency improvements to heating and lighting and improvements to energy consumption measurement, monitoring and reporting.

50. The County Hall Master Plan scheme has two main elements:

- Key Maintenance projects (£500,000 per annum from 2016/17) that are too large to accommodate in the annual maintenance programme. The main elements planned are; renewal of the heating system; window replacements in the basement and Rutland building; and re-roofing and waterproofing of specific areas.
- Investment (£2,760,000 across 2015/16 and 2016/17) in new ways of occupying the existing County Hall campus to reduce property running costs, particularly by vacating high energy use areas and increasing space available for rental to external parties. This project completes the work started in 2014/15 to refurbish the former Fire HQ.

Recommendation

51. The Commission is asked to consider the report and any response they may wish to make.

Background Papers

Cabinet 11 December 2014 - Medium Term Financial Strategy 2015/16 to 2018/19

Circulation under Local Issues Alert Procedure

None.

Officers to Contact:

Brian Roberts, Director of Corporate Resources, Corporate Resources Department
Tel: 0116 305 7830
E-mail: brian.roberts@leics.gov.uk

Chris Tambini, Assistant Director, Strategic Finance and Property, Corporate Resources Department
Tel: 0116 305 6199
E-mail: chris.tambini@leics.gov.uk

Declan Keegan, Finance Manager, Corporate Resources Department
Tel: 0116 305 7668
E-mail: declan.keegan@leics.gov.uk

Appendices

Appendix A – Revenue Budget 2015/16
Appendix B – Growth and Savings 2015/16 – 2018/19
Appendix C – Capital Programme 2015/16 – 2018/19

Equality and Human Rights Implications

52. Public authorities are required by law to have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation;
 - Advance equality of opportunity between people who share protected characteristics and those who do not; and
 - Foster good relations between people who share protected characteristics and those who do not.
53. Many aspects of the County Council's MTFS may impact upon service users who have a protected characteristic under equalities legislation. An assessment of the impact of the proposals on the protected groups must be undertaken at a formative stage prior to any final decisions being made. Assessments are being undertaken in light of the potential impact of proposals and the timing of the proposed changes. Those assessments will be revised as the proposals are developed.
54. Proposals in relation to savings arising out of a reduction in posts will be subject to the County Council Organisational Change policy which requires an Equality Impact Assessment to be undertaken as part of the Action Plan.

CORPORATE RESOURCES DEPARTMENT**REVENUE BUDGET 2015/16**

Budget 2014/15 £		Employees £	Running Expenses £	External Income £	Internal Income £	Net Total £
STRATEGIC FINANCE & PROPERTY						
413,915	Internal Audit	562,998	8,319	-207,000	-23,000	341,317
1,403,893	Insurance	247,812	2,532,164	-124,100	-1,274,756	1,381,120
2,574,641	Accounting	2,736,543	145,241	-203,200	-63,310	2,615,274
1,074,538	Strategic Property	942,236	447,804	-41,500	-182,143	1,166,397
5,466,987	TOTAL	4,489,589	3,133,528	-575,800	-1,543,209	5,504,108
CUSTOMER SERVICES & OPERATIONS						
1,826,304	Customer Services	1,915,673	91,180	0	-93,000	1,913,853
-56,486	Pensions	742,998	557,000	-1,356,557	0	-56,559
7,332,591	Operational IT	5,340,278	3,692,872	-138,388	-1,821,558	7,073,204
-199,850	Central Print	317,519	432,932	-875,000	-40,000	-164,549
-160,004	School Food Support & County Hall Catering Services	7,081,990	6,751,611	-9,913,000	-4,754,900	-834,299
<i>Operational Property:</i>						
707,623	Property Management & Business Support	630,441	189,810	-1,500	-31,558	787,193
416,026	Sites Development & Supported Employment	828,422	745,400	-590,000	-705,000	278,822
8,576,735	Facilities Management, Utilities, Rates & Maintenan	2,195,271	7,922,952	-923,479	-1,350,500	7,844,244
109,382	Travellers Sites & Services	186,753	43,059	-162,485	-5,000	62,327
540,628	Country Parks & Forestry	514,753	459,850	-339,132	-102,000	533,471
143,940	Residential & Conference Services	736,056	602,269	-960,770	-477,540	-99,985
-690,824	Industrial Properties and Farms	100,401	1,913,950	-2,646,000	-55,000	-686,649
18,546,064	TOTAL	20,590,556	23,402,885	-17,906,311	-9,436,056	16,651,074
PEOPLE, PROCUREMENT & TRANSFORMATION						
810,678	Human Resources	1,694,879	198,375	-646,257	-515,372	731,625
491,876	Health & Safety	622,296	87,955	0	-296,800	413,451
2,597,645	Learning & Development	1,616,442	1,456,277	-386,570	-318,167	2,367,982
689,291	Procurement & Resilience	1,152,508	63,280	-481,645	-75,604	658,539
1,393,029	Transformation Unit	3,442,889	565,990	-161,573	-2,454,421	1,392,885
5,982,519	TOTAL	8,529,015	2,371,877	-1,676,045	-3,660,364	5,564,482
STRATEGIC INFORMATION & TECHNOLOGY						
1,246,269	Communications	1,085,940	304,820	-22,000	-171,508	1,197,252
2,162,341	Strategic ICT	2,346,948	966,622	-566,930	-600,000	2,146,640
3,408,611	TOTAL	3,432,888	1,271,442	-588,930	-771,508	3,343,892
1,264,101	EAST MIDLANDS SHARED SERVICES	4,076,951	1,792,775	-4,244,855	-170,770	1,454,101
365,800	CORPORATE PROJECTS	0	609,685	0	0	609,685
834,557	MANAGEMENT & SUPPORT	759,693	38,512	-1,896	0	796,309
35,868,638	TOTAL CORPORATE RESOURCES	41,878,692	32,620,703	-24,993,837	-15,581,907	33,923,651

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MTFS 2015/16 - 2018/19**GROWTH**

TDEI ref.		2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
	<u>CORPORATE RESOURCES ITEMS</u>				
	Demand & cost increases				
** G19	Revenue consequences of Corporate ICT capital programme & PSN compliance	40	60	90	120
G20	Data Integrity & Systems Resilience	200	200	200	200
G21	Development of Digital Services	100	100	100	100
	Total	340	360	390	420
	<u>CORPORATE ITEMS</u>				
	Demand & cost increases				
* G22	Removal of time-limited growth for school place planning strategy	-500	-500	-500	-500
	Total	-500	-500	-500	-500
	TOTAL	-160	-140	-110	-80

SAVINGS

TDEI ref.	Eff/SR/ Income	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	
	<u>CORPORATE RESOURCES ITEMS</u>					
	<u>Transformation</u>					
** T24	Eff	Review of Strategic Finance & Property	-100	-400	-600	-720
** T24	Eff	Review of Operational ICT	-480	-1,040	-1,375	-2,140
** T24	Eff	Review of People, Procurement & Transformation	-365	-365	-675	-875
** T24	Eff	Review of Strategic Information Technology & Comms	-55	-370	-520	-590
** T24	Eff	Review of Operational Property	-655	-1,210	-1,380	-1,770
** TBC	Eff	Senior Management & Business Support	0	-140	-140	-310
** TBC	Eff	Improvements to Properties and Assets	-200	-395	-660	-760
	Total	-1,855	-3,920	-5,350	-7,165	
	<u>Departmental</u>					
** D81	Eff	Improved performance and growth of trading services	-735	-585	-755	-1,150
** D82	Eff	Efficiency savings from sharing services with Nottingham City Council (note 2014/15 only temporarily achieved)	190	0	-200	-200
D83	Eff	Review of the Customer Service Centre	0	0	0	-130
** D84	Eff	Contingency	175	150	240	50
** D85	SR	Country Parks & Forestry - reduction of maintenance on parks and cessation of the free tree planting scheme	-10	-10	-55	-55
** D86	SR	End support for community ICT	0	-70	-70	-70
D87	SR	Vacancy management for supported employment	-50	-75	-100	-100
	Total	-430	-590	-940	-1,655	
	<u>Emerging</u>					
E81	Eff	Further review of strategic support to departments	0	0	-280	-1,695
	Total	0	0	-280	-1,695	
	TOTAL	-2,285	-4,510	-6,570	-10,515	

References used in the tables above

* items unchanged from previous Medium Term Financial Strategy

** items included in the previous Medium Term Financial Strategy which have been amended

TDEI ref - references for Transformation Programme project, Departmental saving, Emerging saving and Income items

Eff - Efficiency saving

SR - Service reduction

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CAPITAL PROGRAMME 2015/16 - 2018/19

CORPORATE RESOURCES DEPARTMENT

Estimated Completion Date	Gross Cost of Project £000		2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Mar-19	2,100	<u>ICT</u> Corporate ICT Capital Programme	500	500	550	550	2,100
Mar-16	1,000	ICT Resilience: Data Centre Reprovisioning	950				950
Mar-19	840	WAN Renewal	0	0	50	400	450
		Sub total ICT	1,450	500	600	950	3,500
		<u>Strategic Property</u>					
Mar-19	600	County Farms Estate - General Improvements	150	150	150	150	600
Mar-19	1,000	Industrial Properties Estate - General Improvements	250	250	250	250	1,000
Mar-16	400	Melton KE VII - Replacement Playing Fields - subject to business case	400				400
		Sub total Strategic Property	800	400	400	400	2,000
		Total Corporate Resources	2,250	900	1,000	1,350	5,500

CORPORATE PROGRAMME

Estimated Completion Date	Gross Cost of Project £000		2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
		<u>CORPORATE PROGRAMME</u>					
Mar-19	15,000	Corporate Asset Investment Fund	1,500	5,000	5,000	3,500	15,000
Mar-17	2,220	Energy Strategy on Corporate Buildings - (Solar Panels, Biomass Boiler, heating/lighting control)	900	1,320			2,220
Mar-17	2,760	County Hall Master Plan 1 - Modernisation of former Fire HQ to enable Registrars and Out of Hours - ICT improvements to enable flexible working technology	1,500	1,260			2,760
Mar-19	1,500	County Hall Master Plan 2 - major works on end of life replacements	0	500	500	500	1,500
		Total Corporate Programme	3,900	8,080	5,500	4,000	21,480

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SCRUTINY COMMISSION - 28 JANUARY 2015

MEDIUM TERM FINANCIAL STRATEGY 2015/16 – 2018/19
CHIEF EXECUTIVE'S DEPARTMENT

JOINT REPORT OF THE CHIEF EXECUTIVE AND THE DIRECTOR OF CORPORATE RESOURCES

Purpose of Report

1. The purpose of this report is to:
 - a) provide information on the proposed 2015/16 to 2018/19 Medium Term Financial Strategy (MTFS) as it relates to the Chief Executive's Department; and
 - b) ask the Commission to consider any issues as part of the consultation process and any response it may wish to make.

Policy Framework and Previous Decisions

2. The County Council agreed the current MTFS in February 2014. This has been the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2015/16 – 2018/19 was considered by the Cabinet at its meeting on 11 December 2014.

Background

3. Reports such as this have been presented to the relevant Overview and Scrutiny Committees. The Cabinet will consider the results of the scrutiny process before recommending a MTFS including a budget and capital programme for 2015/16 to the meeting of the County Council on the 18 February 2015.

Financial Strategy

4. The MTFS is set out in the report to the meeting of the Cabinet on 11 December, a copy of which has been circulated to all members of the County Council. This report highlights the implications for the Chief Executive's Department.

Service Transformation

5. As outlined in the report to the meeting of the Cabinet on 11 December the County Council needs to address significant financial challenges, adapt in response to the health and social care integration agenda whilst delivering outcomes for Leicestershire people. A range of strategies have been produced to create the vision and direction for the organisation, including the Council's Strategic Plan, Transformation Programme, Communities Strategy and Commissioning and Procurement Strategy, with the key

organisational priorities being delivered with support from the newly created Transformation Unit.

6. The functions delivered by the Chief Executive's Department play critical roles in supporting transformation and are being reviewed in the context provided by the strategies and priorities referred to in this paragraph. The Department takes the corporate lead on delivering the Communities Strategy, including support for service devolution, community engagement and community capacity building, and in providing business intelligence to support effective commissioning and service delivery. In terms of business intelligence a new target operating model is being implemented as part of the transformation programme. The principles adopted in those Plans and Strategies will be applied in carrying out further service reviews.
7. The savings approach previously taken responded to the preferences expressed in the major public consultation exercise undertaken in 2013, in particular reduced funding for grants to individuals and communities, and funding for business and agencies, all of which featured in the residents' top ten areas to reduce. Further reductions in line with these views are now proposed, particularly in relation to funding for business and agencies. Residents' preference was for a lower level of reduction in relation to Trading Standards hence new savings are focused upon creating a shared service with other County Councils to mitigate service cuts.

Proposed Revenue Budget

8. The table below summarises the proposed 2015/16 revenue budget and provisional budgets for the next three years. The proposed 2015/16 revenue budget is shown in detail in Appendix A.

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Updated original budget	12,884	9,873	9,053	8,858
Other changes	0			
Budget Transfers and Adjustments	-1,501			
Sub Total	11,383	9,873	9,053	8,858
Add proposed growth (Appendix B)	100			100
Less proposed savings (Appendix B)	-1,610	-820	-195	-975
Proposed/Provisional budget (Appendix A)	9,873	9,053	8,858	7,983

9. Detailed budgets for 2015/16 have been compiled on the basis of no pay or price inflation, a central contingency will be held which will be allocated to services as necessary. The central contingency also includes provision for an increase in the employer's contribution to the Local Government Pension Scheme in 2015/16 and the following three years based upon the triennial actuarial revaluation of the pension fund.
10. The proposed net budget for 2015/16 totals £9.9m is set out below:

	£000
Employees	9,154
Running Costs	4,490
Gross Costs	13,644
Income	-3,771
Net Budget	9,873

Other Changes and Transfers

11. The only significant budget transfer that was effected through the 2014/5 financial year was a transfer out of the Department (-£1.5m) for the Supporting Leicestershire Families Service, the Youth Offending Service, and the Community Safety Team. These services were transferred to the Children and Families Department.
12. Growth and Savings have been categorised in the appendices under the following classification;
 - * item unchanged from previous MTFS
 - ** item included in the previous MTFS, but amendments have been made
 - No stars - new item
13. This star rating is included in the descriptions set out for growth and savings below.

Growth

14. Details of proposed growth are set out in Appendix B and total £0.1m for 2015/16 and £0.2m over the next four years in total. These are detailed in the following paragraphs.
15. G17 Increase in cost of Coroners Service; £100,000 in 2015/16
Growth is required principally due to the implications of the Coroners Act (2013). The number of deaths reported to the coroner has increased significantly, which has resulted in additional inquests including non-standard post mortems that require specialist pathology input. This is required to be achieved within new tighter timescales that have been prescribed by the Chief Coroner.

Further pressure on the service is expected from the new requirement for an inquest with jury for anyone subject to a Deprivation of Liberty order.

16. G18 Signposting and Community Support Service; £100,000 in 2018/19
Currently Local Welfare Provision supports some of the most vulnerable residents in Leicestershire. From 2015/16 the funding received from the Government for Local Welfare Provision will be discontinued, hence this growth funding will help to fund the replacement Signposting & Community Services, as outlined in the October 2014 Cabinet report. The replacement services will ensure that despite the removal of direct awards this group of residents will still be supported to access assistance. From 2015/16 to 2018/19 the service will be funded using underspend from the last two years.

Savings

17. Details of proposed savings are set out in Appendix B and total £3.6m. These are detailed in the following paragraphs.

Transformation Savings

18. ** T13 Development of Coronial Service; £5,000 reduction in 2015/16 rising to £140,000 in 2018/19
The Coroners service contribution to savings (£140,000) is expected to be from the development of shared facilities and/or practices with Leicester City Council.

Exploratory work has commenced on the project, but due to the legal constraints and the number of partners involved it is expected to take a significant period of time for fully developed proposals to be made.

19. ** T19 Funding and support to agencies; £230,000 reduction in 2015/16 rising to £400,000 by 2018/19.

Following a review and public consultation of the funding and support provided to agencies that provide help to individuals and voluntary agencies in Leicestershire from the Department, savings proposals were approved for implementation at the Cabinet meeting in September 2014. The total saving secured was £596,000, with £210,000 delivered in 2014/15.

To allow a smooth implementation £150,000 of the savings were delayed from 2015/16, compared to the previous MTFS, by one year.

The total savings have been increased (£20,000) following the increased MTFS requirement. This will be found by stopping funding for Leicestershire

Together(LT)/partnership working and reducing the amount of funding available for Equalities, Diversity and Human Rights. The LT structure has now been abolished.

Departmental Savings

20. * D61 Review of Management Structure; £70,000 in 2017/18.

A review of management structures across the Department is on-going.

21. ** D62 Democratic Services, Administration and Civic support review; £110,000 in 2015/16 rising to £260,000 by 2018/19.

The largest contributor to savings is from staffing and related budgets (£110,000), enabled by a restructure of the function. Reductions have also been applied to the members' expenses budgets (£30,000) and pension contributions (£70,000) to reflect the latest level of expenditure. The final element of savings (£50,000) is for a reduction in the level of civic hospitality and support.

22. ** D63 Legal Services review; £70,000 in 2015/16 rising to £190,000 by 2018/19.

Staff related savings will make up the majority of the saving (£170,000). This is enabled by a combination of a restructure and absorption of funded work that has transferred into the service. Additional income (£20,000) is expected to be secured from schools and academies, as well as work on agreements associated with new development.

23. ** D64 Development of Registration services; £135,000 in 2015/16 rising to £205,000 in 2016/17.

The Registration service's contribution (£205,000) is mainly attributable to additional income, through further development of complementary customer services, price increase and development of Anstey Frith House. Cost reductions also contribute to the target, from staff savings and increased shared working with Leicester City Council.

24. ** D65 Review of Strategy, Partnerships & Communities section; £130,000 in 2015/16, rising to £390,000 in 2016/17.

The savings for the section relate to staff and the associated expenditure budgets. Reviews will commence in the next financial year to identify where efficiency savings can be made. The implementation of a new target operating model for business intelligence will contribute to these savings.

25. ** D66 Funding for businesses and housing; £555,000 reduction in 2015/16.
The cessation of using some of New Homes Bonus Grant to assist local housing schemes accounts for the majority of this saving (£500,000). The remainder of the saving will be found from a reduction in the contributions for supporting tourism, social enterprises and rural housing and economic initiatives.
26. ** D67 Reduced staffing for a range of partnership and community support activity; £130,000 reduction in 2015/16 rising to £390,000 in 2016/17.
Reviews in the Strategy, Partnerships and Communities section will be undertaken to cover this saving (£390,000) and D65 above. The two reviews will cover all parts of the section including staff's work that does not have an external expenditure element and work undertaken related to the proposed savings in T19, D66 and E62 plus the grants to individuals and community groups that have already been reduced.
27. ** D68 Review Planning, Historic and Natural Environmental Services; £55,000 reduction in 2015/16 rising to £155,000 by 2018/19.
The savings will relate to a combination of staff and associated expenditure budgets and increased income. Reviews will be undertaken to identify how best the savings can be made including the risk associated with increasing income in the context of the state of the local economy.
28. ** D69 Registration opening hours and "tell us once" service; £20,000 reduction in 2016/17, rising to £60,000 in 2017/18.
The first part of the proposal is to make "tell us once" a telephone only service, by removing the face to face option provided via the Registration service (£20,000). It is also proposed to implement a reduction in opening hours in 2017/18 (£40,000).
29. ** D70 Trading Standards reduced enforcement, inspection and testing activity; £100,000 reduction in 2015/16 rising to £165,000 in 2016/17.
The savings proposal recognises the need to maintain services to business and investigation of rogue traders, however there will be a reduction in business inspections, rogue trader enforcement, testing and analysis. The savings in 2016/17 will be found through reductions in management and other operational costs.
30. ** D71 Cessation of International Links support to schools; £50,000 reduction in 2015/16.
The proposal to stop the International Links activity that is currently provided free of charge to schools has been brought forward in the MTFS to reflect the achievement of the saving.
31. ** D72 Adjustment; £40,000 reduction in 2015/16 eliminated by 2018/19.
There have been several small changes in the timing of savings since the December 2014 Cabinet report. To allow the published savings to remain consistent with the delivery plans an adjustment line has been included in savings table.

Emerging Savings

32. E61 Trading Standards Shared Services; £200,000 in 2018/19
Proposal for joint working between Leicestershire, Lincolnshire and Northamptonshire County Councils are being investigated, with the aim of delivering efficiency savings through creation of a shared service for Trading Standards. Discussions have

commenced between the three authorities at officer level, with the undertaking of a feasibility assessment the next step.

33. E62 Reduction in the value of Participatory /Community Grants awarded; £70,000 in 2018/19

This reduction is in addition to the savings made in 2014/15, resulting in a further (£70,000) reduction in monies for organisations/community groups to apply for grants to support community-based projects. The remaining Shire Grants fund will be £350,000, including the capital expenditure budget.

34. E63 Stop providing funding for economic development activity to external agencies; £300,000 in 2018/19

This proposal is for the cessation of three funding arrangements relating to economic development. This covers support for rural housing/economic initiatives (£70,000), tourism support services (£175,000) and the grant to the Leicester & Leicestershire Economic Partnership (LLEP) (£55,000).

With increasing amounts of funding being channelled through Local Enterprise Partnerships (including funding previously provided to local authorities) it is considered no longer necessary for the LLEP to receive local authority grants. The LLEP will also be able to consider the priority to be given to funding tourism support services in the context of other economic priorities, and measures to increase private sector funding of tourism support services can also be explored. The removal of the budget to support rural economic initiatives will mean that the Leicestershire Rural Partnership will be reliant on securing external funding.

Other Funding

35. In 2014/15 the County Council received a Local Welfare Provision Grant (£1.1m) to allow local arrangements to be put in place following the abolition of the Department for Work and Pension's discretionary Social Fund. The Government had indicated its intention to cease funding for the scheme beyond 2014/15, although a judicial review and subsequent consultation on this decision delayed confirmation until the Local Government Settlement was received. The Government funding settlement for the County Council includes a notional £0.8m relating to the Local Welfare Provision. However this is just a re-labelling of existing funding which was previously received through the main Revenue Support Grant allocation. Therefore the financial position, for the County Council, that initiated the current consultation to determine a successor scheme, remains the same. The County Council will develop a successor scheme by deploying the scheme's underspend from the last two years.
36. The Police and Crime Panel Grant (£0.1m) provides funding towards the administration and member expenses for the panel locally. The level of funding for 2015/16, from the Home Office, is still to be confirmed.
37. The Local Reform and Community Voices Grant (£0.3m) is providing funding towards the local HealthWatch and Independent Complaints Advocacy services. Local HealthWatch is the consumer champion for patients and the public in health and social care. The Independent Complaints Advocacy Service provides complaints advocacy support to people who wish to make a complaint about the service that they have received from the NHS.

38. The table shows the specific grants expected to be received in 2015/16.

	2015/16 £000
Police and Crime Panel Grant (Home Office)	*53
Local Reform and Community Voices Grant (Department of Health)	276
TOTAL	329

* amount to be confirmed by the awarding organisation

Capital Programme

39. The draft Capital Programme is summarised in the following table and the detailed programme is set out in Appendix C. The programme is funded from a combination of County Council resources and specific grants from external organisations.

Project	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Rural Broadband Scheme - Phase 1	5,185	545	0	0	5,730
Rural Broadband Scheme - Phase 2	0	5,700	1,700	0	7,400
Loughborough Science Park Development	1,275	0	0	0	1,275
Rural Economic Grants	50	100	100	100	350
Shire Community Solutions Grants	150	100	100	100	450
Total	6,660	6,445	1,900	200	15,205

40. The Rural Broadband scheme – Phase 1 (also known as the Superfast Leicestershire Programme) will roll out superfast broadband to homes and businesses in the County so that access to high-speed fibre broadband will increase from 75% to 96% of Leicestershire premises by the end of March 2016. The scheme, delivered through a contract with BT, is on schedule after one year of implementation. Public sector investment to fund the remainder of the scheme, alongside BT's investment, is funded from a variety of sources, namely: European Regional Development Fund (£0.2m), Department for Culture, Media and Sport (DCMS) (£0.4m), the City Council and district councils (£1.2m) and the County Council (£3.9m).

41. The Rural Broadband scheme – Phase 2 (also known as the Superfast Extension Programme) will deploy additional funding to extend further the provision of superfast broadband. The DCMS has made an initial £3.7m allocation that is being matched locally with a combination of County Council (£1.7m) and LLEP funding (£2.0m). Additional district council and DCMS funding totalling up to £3.0m could further increase coverage if secured. Procurement has been initiated and a supplier is expected to be contracted in late March 2015. £0.5m of the secured public investment has been withheld to explore community-led deployment solutions.

42. The Loughborough University Science and Enterprise Park contribution, alongside contributions from other public sector partners, will assist towards the University's planned expansion of the existing Park. The initial grant (£0.5m) from the County Council will support the advance provision of infrastructure to the Park and a purpose built innovation centre. Half of the initial grant has been paid, with the remainder (£0.2m) due on completion of the works. The remainder of the funding provided by this scheme (£1.1m) is expected to be invested in the future expansion of the site.

43. The Rural Economic Grants aim to help grow Leicestershire's rural economy. Priority focus for the programme has been small businesses who would struggle to reach the thresholds required for national and other sub-regional economic funding. The grants are made at a level that complement (higher level) LLEP and European grants programmes and are match funded by the business owner. The County Council's initial three year commitment to the programme has been extended by using the earmarked fund for economic development.
44. The Shire & Better Places Grants will supplement the revenue Shire Grants programme. This programme focusses on key County Council priorities and the role of communities in delivering these. The scheme will provide small grants of up to £10,000 to communities and voluntary sector organisations across Leicestershire. All projects support delivery of one or more of the priorities in the Communities Strategy and are assessed by a multi-agency expert panel. The value of the projects supported will be higher than the capital amounts in the table above, as this is only the County Council match funding element.

Recommendation

45. The Commission are asked to consider the report and any response it may wish to make.

Background Papers

Cabinet 11 December 2014 - Medium Term Financial Strategy 2015/16 to 2018/19

Circulation under Local Issues Alert Procedure

None.

Officers to Contact:

John Sinnott, Chief Executive, Chief Executive's Department
Tel: 0116 305 6000
E-mail: john.sinnott@leics.gov.uk

David Morgan, County Solicitor, Chief Executive's Department
Tel: 0116 305 6007
Email: david.morgan@leics.gov.uk

Chris Tambini, Assistant Director, Strategic Finance and Property, Corporate Resources Department
Tel: 0116 305 6199
E-mail: chris.tambini@leics.gov.uk

Declan Keegan, Finance Manager, Corporate Resources Department
Tel: 0116 305 7668
E-mail: declan.keegan@leics.gov.uk

List of Appendices

Appendix A – Revenue Budget 2015/16

Appendix B – Savings 2015/16 – 2018/19

Appendix C – Capital Programme 2015/16 – 2018/19

Equality and Human Rights Implications

46. Public authorities are required by law to have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation;
 - Advance equality of opportunity between people who share protected characteristics and those who do not; and
 - Foster good relations between people who share protected characteristics and those who do not.
47. Many aspects of the County Council's MTFS may impact upon service users who have a protected characteristic under equalities legislation. An assessment of the impact of the proposals on the protected groups must be undertaken at a formative stage prior to any final decisions being made. Assessments are being undertaken in light of the potential impact of proposals and the timing of the proposed changes. Those assessments will be revised as the proposals are developed.
48. Proposals in relation to savings arising out of a reduction in posts will be subject to the County Council Organisational Change policy which requires an Equality Impact Assessment to be undertaken as part of the Action Plan.

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CHIEF EXECUTIVES DEPARTMENT**REVENUE BUDGET 2015/16**

Budget 2014/15 £		Employees £	Running Expenses £	External Income £	Internal Income £	Net Total £
	DEMOCRATIC SERVICES, ADMIN & CIVIC AFFAIRS					
1,356,586	Democratic Services and Administration	1,236,507	153,926	-20,877	-13,660	1,355,896
113,979	Subscriptions	0	114,000	0	0	114,000
233,688	Civic Affairs	50,480	194,100	-40,000	0	204,580
1,704,253	TOTAL	1,286,987	462,026	-60,877	-13,660	1,674,476
1,500,577	LEGAL SERVICES	1,922,302	183,395	-304,496	-373,624	1,427,577
5,104,340	STRATEGY, PARTNERSHIPS & COMMUNITIES	2,712,044	2,549,920	-696,996	-504,628	4,060,340
	REGULATORY SERVICES					
1,577,366	Trading Standards	1,485,619	326,414	-176,823	-168,300	1,466,910
760,288	Coroners	148,453	723,046	-35,900	0	835,599
23,739	Registrars	738,224	83,475	-920,832	0	-99,133
2,361,393	TOTAL	2,372,296	1,132,935	-1,133,555	-168,300	2,203,376
540,545	PLANNING, HISTORIC & NATURAL ENVIRONMENT	860,183	138,860	-490,569	-23,929	484,545
172,296	DEPARTMENTAL ITEMS	0	22,687	0	0	22,687
11,383,404	TOTAL CHIEF EXECUTIVES	9,153,811 0	4,489,823 0	-2,686,493 0	-1,084,141 0	9,873,000

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GROWTH

TDEI ref.		2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Ref	<u>CHIEF EXECUTIVES</u>				
	Demand & cost increases				
G17	Increase in cost of Coroners Service	100	100	100	100
G18	Signposting and Community Support Service				100
		100	100	100	200

SAVINGS

TDEI ref.	Eff/SR/Income		2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
		<u>CHIEF EXECUTIVES</u>				
		<u>Transformation</u>				
**	T13 Eff	Development of Coronial Service	-5	-5	-5	-140
**	T19 SR	Funding and support to agencies	-230	-380	-380	-400
		Total	-235	-385	-385	-540
		<u>Departmental</u>				
*	D61 Eff	Review of Management Structure	0	0	-70	-70
**	D62 Eff	Democratic Services, Administration and Civic support review	-110	-110	-130	-260
**	D63 Eff	Legal Services review	-70	-130	-130	-190
**	D64 Eff	Development of Registration services	-135	-205	-205	-205
**	D65 Eff	Review of Strategy, Partnerships & Communities section	-130	-390	-390	-390
**	D66 SR	Funding for businesses and housing	-555	-555	-555	-555
**	D67 SR	Reduced staffing for a range of partnership and community support activity	-130	-390	-390	-390
**	D68 SR	Review Planning, Historic and Natural Environmental Services	-55	-90	-115	-155
**	D69 SR	Registration opening hours and "tell us once" service	0	-20	-60	-60
**	D70 Eff/SR	Trading Standards reduced enforcement, inspection and testing activity	-100	-165	-165	-165
**	D71 SR	Cessation of International Links support to schools	-50	-50	-50	-50
	D72 Eff	Adjustment	-40	60	20	0
		Total	-1,375	-2,045	-2,240	-2,490
		<u>Emerging</u>				
	E61 Eff	Trading Standards Shared Services				-200
	E62 SR	Reduction in the value of Participatory /Community Grants awarded				-70
	E63 SR	Stop providing funding for economic development activity to external agencies				-300
		Total	0	0	0	-570
		TOTAL	-1,610	-2,430	-2,625	-3,600

References used in the tables above

* items unchanged from previous Medium Term Financial Strategy

** items included in the previous Medium Term Financial Strategy which have been amended

TDEI ref - references for Transformation Programme project, Departmental saving, Emerging saving and Income items

Eff - Efficiency saving

SR - Service reduction

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CAPITAL PROGRAMME 2015/16 - 2018/19

CHIEF EXECUTIVE'S DEPARTMENT

Estimated Completion Date	Gross Cost of Project £000		2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Mar-17	9,780	Rural Broadband Scheme - Phase 1	5,185	545			5,730
Mar-18	7,400	Rural Broadband Scheme - Phase 2	0	5,700	1,700		7,400
Mar-16	1,500	Loughborough Science Park Development	1,275				1,275
Mar-19	350	Rural Economic Grants	50	100	100	100	350
Mar-19	450	Shire Community Solutions Grants	150	100	100	100	450
		Total Corporate Resources	6,660	6,445	1,900	200	15,205

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CABINET: 6 FEBRUARY 2015

COMMISSIONING AND PROCUREMENT STRATEGY

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PART A

Purpose of Report

1. The purpose of this report is to request the Cabinet's approval of the the proposed Commissioning and Procurement Strategy ('the Strategy') further to consideration by the Cabinet in November 2014 when it was agreed that the draft Strategy would be circulated for consultation.

Recommendations

2. It is recommended that:
 - a) The feedback received during the consultation process, and the comments of the Scrutiny Commission be noted;
 - b) That the draft Strategy as appended to this report be approved subject to the Director of Corporate Resources, following consultation with the Cabinet Lead Member, being authorised to make any final changes arising from the comments of the Scrutiny Commission and the Cabinet;
 - c) That progress against the Strategy is reported to the Cabinet annually.

Reasons for Recommendations

3. The Strategy provides the framework, vision and key principles for transforming the Council's approach to commissioning. Full public consultation and Scrutiny has been undertaken on the Strategy to test its validity and aspirations. Relevant suggested changes have been incorporated and a summary of all feedback received is highlighted within the Consultation Summary Report (Appendix 1). Due to the publication date for the Cabinet agenda it was not possible to incorporate the comments of the Scrutiny Commission in this report and they will therefore be reported at the meeting.
4. Implementation of the Strategy will play an essential role in delivering transformation and achievement of further efficiencies across the Council.

Timetable for Decisions (including Scrutiny)

5. This report will be considered by the Scrutiny Commission at its meeting on 28 January 2015 and its comments will be reported to the Cabinet.

Policy Framework and Previous Decisions

6. The Council's Strategic Plan 2014 - 18 gave a commitment to develop a new Commissioning and Procurement Strategy. The Council's previous Commissioning and Procurement Strategy (approved by the Cabinet in July 2009) expired in 2013.
7. The Commissioning and Procurement Strategy is a key corporate document, which supports delivery of the Council's Transformation Programme, Medium Term Financial Strategy, and Communities Strategy.
8. At its meeting on 19 November 2014 the Cabinet approved the draft Commissioning and Procurement Strategy as a basis for consultation and agreed that a further report would be submitted in February 2015.

Resource Implications

9. There are no resources implications directly arising from this report. Delivery of the Strategy will be addressed through the Council's Transformation Programme. The Strategy is expected to make a major contribution to the delivery of the Council's Medium Term Financial Strategy. This will include making the most of all the available resources, not just those of the Council, but also the resources of partners, suppliers, communities and residents.

Circulation under the Local Issues Alert Procedure

10. None.

Officers to Contact

Gordon McFarlane, Assistant Director - Corporate Services and Transformation,
Corporate Resources Department Tel: 0116 305 7123
Email: gordon.mcfarlane@leics.gov.uk

Fiona Holbourn, Head of Commissioning and Procurement Support, Corporate
Resources Department Tel 0116 305 6185,
Email: fiona.holbourn@leics.gov.uk

Byron Vincent, Commercial Lead, Corporate Resources Department
Tel 0116 305 7089
Email: byron.vincent@leics.gov.uk

PART B

Background

9. The new Commissioning and Procurement Strategy represents a step change in the Council's commissioning approach. The Strategy supports delivery of the Council's corporate priorities including the need to change fundamentally the way the Council operates in order to achieve the required efficiency savings.
10. The Strategy will cover the period up to 2018 so that it aligns with the Council's Strategic Plan 2014-18 and the Medium Term Financial Strategy 2015-18.

Proposal

11. The Strategy proposes 8 Commissioning Principles and supporting actions to drive change. The Commissioning Principles are as follows:
 - i. Making decisions based on evidence;
 - ii. Understand and challenge needs and manage demand;
 - iii. Take an outcomes based approach to commissioning;
 - iv. Challenge and review service delivery model (make, shift, buy, share, stop) to make sure value for money is achieved;
 - v. Use an enhanced commercial approach by taking a more 'business like' approach to creating further efficiencies and maximising income;
 - vi. Collaborate with others to secure the best outcomes for the people of Leicestershire;
 - vii. Innovation in performance management to ensure we are getting the most from all of our commissioning and contracting arrangements;
 - viii. Enhance sustainability – environmental, economic and social for the ongoing well-being of the people of Leicestershire.
12. The overall aim of the Strategy is to:
 - help to achieve a greater level of consistency in commissioning across the Council and partner organisations;
 - make the most of all the resources available (not just those of the Council) but partners, suppliers and communities to make the biggest possible impact;
 - establish a more commercial approach by adopting core business practices that will maximise service efficiencies and maximise income;
 - continue to place customers and communities at the heart of everything which the Council does.
13. In doing so, the Strategy is expected to influence how every single service is planned, delivered and measured.

Consultation

14. Consultation was undertaken between 19 November 2014 and 15 January 2015. Those consulted included staff and trade union representatives, partners, suppliers, representative bodies, community groups and residents. All those consulted were invited to complete a short questionnaire designed to obtain their views, comments and suggestions on the draft Strategy. A Communications Plan was prepared and was supported by a summary version of the draft Strategy and presentation slides to help cascade key messages to different stakeholders.
15. Consultation was also undertaken with the Scrutiny Commission at its meeting on 28 January 2015 and its comments will be reported at the meeting.
16. A total of 43 responses were received during the consultation process. The composition of the respondents was as follows: 16 Leicestershire County Council employees, 14 members of the public, 13 business and supplier organisations.
17. Analysis of the responses shows that the Strategy has increased the overall understanding and awareness of the respondents concerning the challenges the Council is facing and how Commissioning and Procurement play a role in addressing these challenges. The majority of respondents agreed that the Strategy set the best way forward for the County Council.
18. The proposed 'Commissioning Principles' as detailed within the strategy were well received. Several minor changes to wording and the order in which the principles are presented were suggested. These changes have now been included within the revised Strategy as at Appendix 2.
19. A detailed summary of the Consultation process and feedback received is included in Appendix 1.
20. Subject to approval of the Strategy, its progress will be implemented and monitored by the Council's Centre of Excellence for Commissioning and Procurement Support and an annual Progress Report will be submitted to the Cabinet.

Background Papers

Leicestershire County Council Strategic Plan 2014 – 2018

http://www.leics.gov.uk/leics_strategic_plan.pdf

Leicestershire County Council Medium Term Financial Strategy

http://www.leics.gov.uk/index/your_council/budget/medium_term_financial_strategy/mtfs_2014.htm

Report to the Cabinet, 13 October 2014, Communities Strategy:

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4268&Ver=4>

Report to the Cabinet, 6 May 2014, County Council Strategic Plan and Transformation Programme:

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=3990&Ver=4>

Report to the Cabinet, 19 November 2014, Draft Commissioning and Procurement Strategy:

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=3995&Ver=4>

Appendices

Appendix 1 – Summary of Consultation feedback

Appendix 2 – Final Commissioning and Procurement Strategy

Relevant Impact Assessments

Equalities and Human Rights Implications

21. An Equalities and Human Rights Impact Assessment (EHRIA) has been completed. It is not considered likely that a full EHRIA Report will be required due to the intended positive outcomes this Strategy is likely to create for individuals and community groups.

Environmental

22. The Strategy includes a range of actions to ensure that environmental considerations are built into commissioning and procurement activity and contribute to the Council's target of reducing carbon emissions.

Partnership Working and Associated Issues

23. It is expected that the Council will work with a wide range of partners to deliver the proposed actions within the draft Strategy.

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APPENDIX 1 – COMMISSINING AND PROCUREMENT STRATEGY – CONSULTATION FEEDBACK SUMMARY

BACKGROUND

The Commissioning and Procurement Strategy

The draft Commissioning and Procurement Strategy ('the strategy') sets out the County Council's vision and direction for commissioning activity as well as establishing the key principles and framework which will underpin all commissioning decisions made. The aim of the strategy is to ensure a robust and consistent approach is adopted for all commissioning activities. Doing so will support the delivery of the Leicestershire County Council Strategic Plan and other corporate strategies and plans including the Transformation Programme, the Medium Term Financial Strategy ('MTFS') and the Communities' Strategy.

A new approach to Effective Commissioning was identified as an 'enabler' to the Councils Transformation Programme. There are a number of deliverables identified for the 'Effective Commissioning Enabler' including development of revised framework and governance, commissioning support, toolkits, training as well as an overarching commissioning strategy.

The draft strategy was approved by Cabinet for public consultation on 19 November 2014. A public consultation period of 8 weeks concluding on 15 January 2015 was then observed.

Upon commencement of the consultation, a pro-active communications campaign was undertaken to ensure as broad coverage as possible for the strategy. Key audiences were directly targeted through mailshots, use of social media, engagement with service users, advertisements direct to suppliers through the East Midlands Source portal and where appropriate, direct contact. Internal staff, members and the Eastern Shires Purchasing Organisation (ESPO) were briefed on the strategy through a series of presentations.

Through the consultation, feedback was sought to help shape the strategy, gain thoughts, comments and ideas on how it could be improved as well as general feedback on the respondent's levels of understanding with regards to the challenges being faced and the perceived appropriateness of the proposed actions.

Consultation Questionnaire

Respondents were asked to provide feedback via an online questionnaire however, feedback has also been received verbally and submitted by e-mail during the consultation process and is included within this summary.

The online questionnaire consisted of a total of 11 questions, although the detail of each question meant that some had sub-questions under this- for instance question 7 asks for the extent of agreement or disagreement with each of the key commissioning principles, to which there are 8 principles.

In addition to multiple choice answers, respondents were able to provide feedback through the use of free text fields.

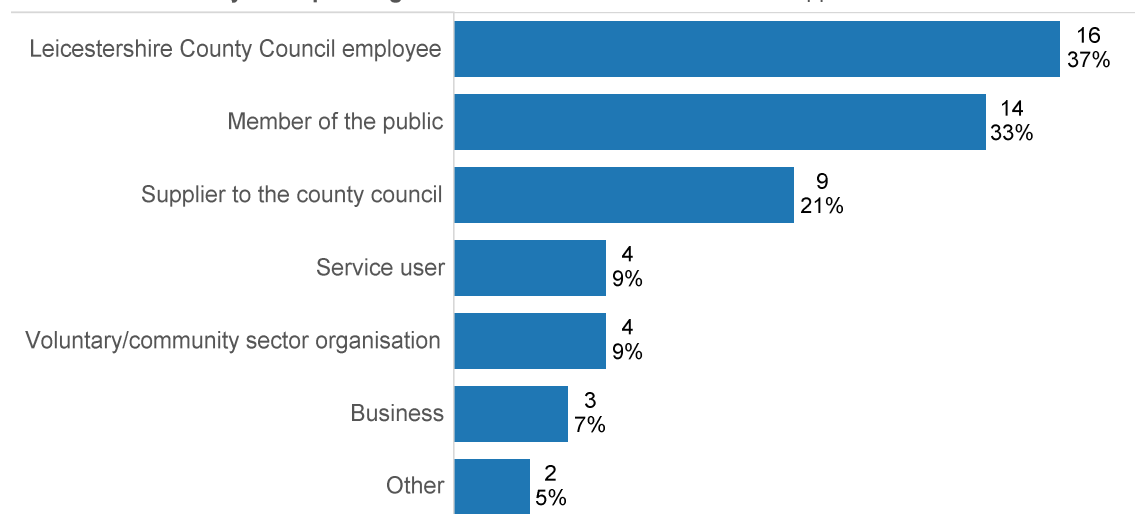
43 responses were received to the on-line consultation questionnaire. Further feedback was provided verbally by the CBI (Confederation of British Industry), ESPO (Eastern Shires Purchasing Organisation) and the various staff briefings that took place. For ease of reference, all feedback is summarised within this paper.

RESPONSE ANALYSIS

Respondent analysis

From the 43 respondents (noting one respondent may respond from the view point of multiple roles) that completed the on-line survey, the roles represented are as follows; 14 members of the public, 4 service users, 4 voluntary/community sector organisations, 3 businesses, 9 suppliers to the County Council, 16 Leicestershire County Council employees and 2 classifying themselves as 'Other' – 1 Parish Council and 1 potential supplier to the County Council.

Q1. In what role are you responding to this consultation? Please tick all applicable



Further feedback was received verbally from various staff briefings and respondents wishing to discuss rather than submitting a written response.

The broad demograph of the respondents has allowed view points and insight from various stakeholders to be taken into consideration. This spread demonstrates the importance that commissioning has to the various stakeholders both within the county and also from further a-field.

Details of those responding in the capacity of a 'Supplier'

Description of services provided:

From the 9 suppliers that responded these were from across a range of service areas including 6 suppliers of social care services, as well as suppliers of analytical services and vehicle hire services.

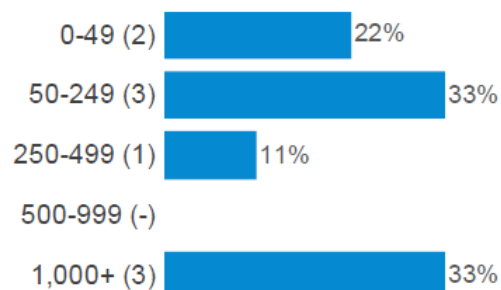
Head office location (name of town):

Of the 9 suppliers that responded, 5 were based within the Leicestershire area with the remaining 4 being based across the UK in locations including Cardiff, London and Staffordshire reflecting the interest in the strategy beyond Leicestershire.

Size of organisation (number of employees):

From the 9 suppliers that responded (noting that 'suppliers' includes both private businesses as well as those from the voluntary and community sector) the size of organisations varied vastly from micro organisations with 0-49 employees to large organisations with over 1,000 employees.

If you have stated above that you are a supplier to the county council, please could provide the following details: (Size of your organisation (number of employees):)



LCC actively encourages and recognises the value that can be added through SME (Small and Medium sized Enterprises) and VCS (Voluntary and Community Sector) engagement. It is good therefore to acknowledge that 5 (55%) of the suppliers that

provided feedback are of SME classification with 4 of these 5 classing themselves as a VCS.

Consultation feedback and assessment on 'The role of Commissioning and Procurement'

Quantitative analysis

One of the intentions of the strategy was to continue to develop stakeholder understanding of the issues the County Council is facing and the impact that a more effective approach to commissioning (brought about through implementation of the strategy) might have in helping to address these issues. It is intended that through developing this understanding, conversations can be prompted that may lead to further suggestions for improvement.

In order to assess the effectiveness of the strategy in meeting this intention, a quantitative analysis was undertaken to highlight any shift in understanding / views on the Council's proposals both before and after reading the strategy. In support of this analysis, respondents were invited to provide commentary on how the strategy could be improved and what else could be done.

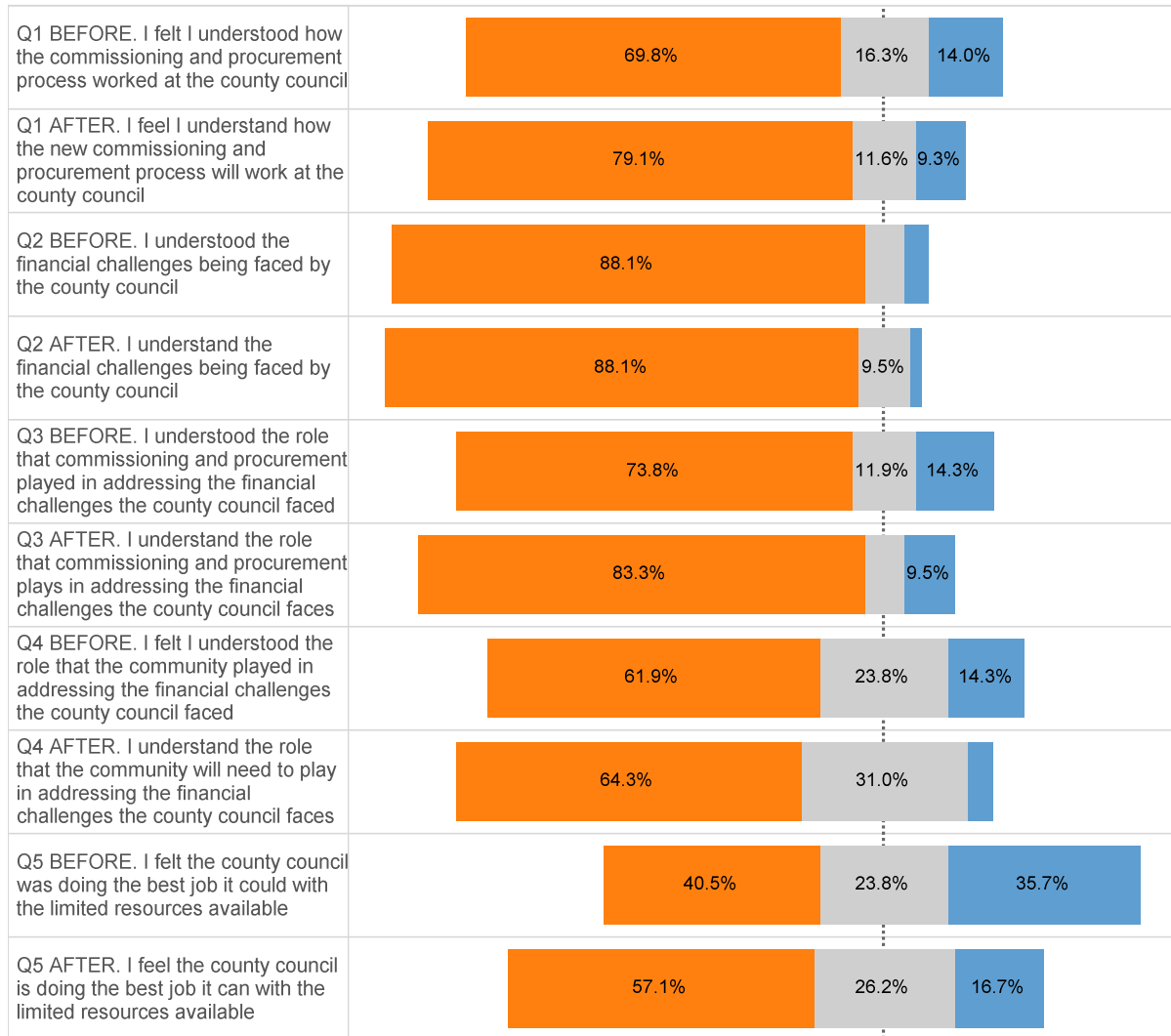
The first set of questions / statements was posed to understand the respondent's knowledge and appreciation of the issues being faced by LCC **prior** to reading the strategy.

The tense of the question was then changed and the respondents were asked to rate (using the same scale as above) the same statements having now read the strategy.

The questions posed were:

- Overall respondents' views

Views before the new Commissioning and Procurement Strategy was developed and views after reading the new Commissioning and Procurement Strategy



Responses (group)

- Agree
- Neither agree nor disagree
- Disagree

It is encouraging to note that for all of the statements asked both before and after reading, the strategy appears to have increased awareness and understanding of the issues faced and how these can be addressed through a more effective approach to commissioning and procurement.

The greatest shift in understanding / agreement was for the statement that the Council is doing the best job it can with the limited resources available (Q5).

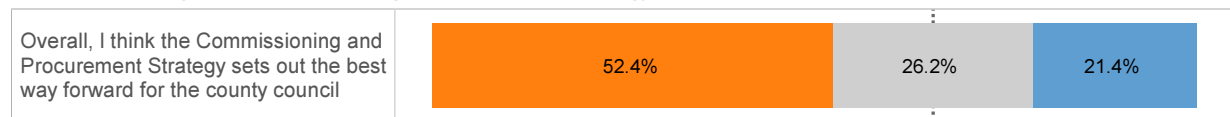
The analysis shows that the smallest shift in understanding / agreement was around respondents understanding of the financial challenges that the Council faces (Q2). It should be noted however the overall understanding of this area was at a high original baseline.

The second lowest shift was shared jointly by the statements concerning the roles that commissioning and procurement and the role that the community had to play in meeting the financial challenges (Q3 and Q4).

A further question was added asking for a response to the following question / statement “Overall, I think the Commissioning and Procurement Strategy sets out the best way forward for the County Council”. Whilst a large proportion (52.4%) of the respondents agreed, 26% neither agreed nor disagreed and 21% tended to disagree. The responses here tally with the results to Q3 and Q4 concerning further work that may be required to demonstrate and raise the profile of commissioning in addressing the challenges faced.

- Overall respondents' views

Views after reading the new Commissioning and Procurement Strategy



Responses (group)

- Agree
- Neither agree nor disagree
- Disagree

A programme of targeted training for internal staff and activities to raise awareness of the benefits delivered through effective commissioning and procurement is being planned to increase awareness and understanding.

Annual reports showing our progress against the commitments made within the strategy will be presented to the Cabinet and will help to demonstrate the impact that is being made through implementation of the strategy.

Qualitative analysis

Following the ‘before’ and ‘after’ statements, respondents were invited to provide commentary if they disagreed with any of the statements.

Where any comments related to a specific service, these have been forwarded to the relevant service manager for information and follow up where applicable.

A range of comments were received, that on the whole fall under several key themes. The chart below shows the key themes emerging and the frequency with which they were raised.

Use of the VCS	C&P delivery model	Process	Communication of messages	of	Service model	delivery
6	3		7		6	

Use of the Voluntary and Community Sector ('VCS'): There was a mixed response to references within the strategy as to how the County Council might need to rely more on the VCS, with one respondent acknowledging that *"Using the voluntary sector and volunteers more would be a more cost effective way"* [of meeting the challenges faced]. These views were supported with further comments such as *"The use of volunteers is a cost effective way to offer continuity of services..."*

Another respondent highlighted that *"the community cannot always meet the needs required"*.

This point is acknowledged both within the Communities Strategy (more information available here - http://www.leics.gov.uk/communities_strategy) and also the Commissioning and Procurement strategy itself. In particular, within the key commissioning principle of 'Challenge and review service delivery (make, shift, buy, share, stop)' reference is made as to how an assessment should be undertaken to identify the most suitable delivery model on a service by service basis.

Work being undertaken as part of the Council's Communities' Strategy is actively seeking to develop and improve the way in which the VCS are engaged.

Commissioning & Procurement Process delivery model: Respondents commented on the proposal to form a 'Centre of Excellence for Commissioning Support' and the importance of using an appropriate balance between centrally managed support and departmentally led support. It was also acknowledged that commissioning and procurement required an evolved skill and it should be recognised as profession in its own right.

Getting the right Commissioning Support model in place is a key deliverable of the Effective Commissioning Enabler project and work to develop this model is currently underway.

Communication of key messages: Whilst there was broad support for the strategy with comments such as *"The publication of the new strategy has made the commissioning and procurement process much clearer. The consultation will*

(hopefully) lead to the Council doing an even better job.” One respondent stated that they did not fully understand how changes (resulting from the strategy) would be met at a service delivery level “[the Strategy is] Written at very high, strategic level, it is difficult to understand from this, how the function will work in LCC going forward.”

The intention of the strategy is to set the overall strategic direction in which commissioning should progress and as such it would not be appropriate to detail specific action plans within this strategy. The feedback received supports the importance of continuing with the proposed strategy and ensuring that individual departmental / service specific strategies are developed in consultation with and then communicated to stakeholder groups.

A full action plan for implementation of this strategy is currently being developed and will be carefully managed over the next 3 years to ensure successful achievement of the changes proposed.

Comments were raised about the language used within the strategy being difficult to understand. The strategy seeks to address several complicated and multi-faceted issues. Prior to issue of the strategy an internal consultation was carried out with key stakeholders to test the language used. For these reasons a simplified version of the strategy has also been produced and made available. A further revision of the main Strategy document has now taken place with various changes to the wording and syntax to improve the way in which key messages are communicated.

Other respondents were confused by some of the terminology around the roles of ‘Operational Commissioner’, ‘Strategic Commissioner’ and ‘Commissioning Support’. Work is currently being carried out across the authority as part of the Effective Commissioning Enabler to develop and define these concepts. Development of these roles and concepts will be essential to ensuring the successful implementation of the strategy.

Service delivery: There was recognition by some as to the severity of the funding situation being faced and acknowledgement that some of the biggest savings would only be achieved through reductions in services. Other respondents felt that reductions in services were a bad thing and that certain services should be ring-fenced.

Initially it appears from some of the feedback that there wasn’t recognition that reductions in services (i.e. ‘de-commissioning’) was indeed a commissioning activity. The key principle ‘Challenge and review service delivery (make, shift, buy, share, stop)’ addresses the issue of how stopping provision of a service will have to increasingly be considered. To support the need for de-commissioning of services guidance is being developed to assist those involved in the commissioning process.

Prior to any reductions in services, the Council will review what impact reductions to services might have on future demand (see commissioning principle 'Understand and challenge needs and manage demand'). Part of this review would also be to undertake consultation to get the views of the public before any proposed changes are implemented.

The Council's Medium Term Financial Strategy sets out the current allocation of budgets and responses have been invited to the consultation. Further details of which can be found through this link: http://www.leics.gov.uk/index/your_Council/budget/budgetconsultation.htm

Consultation feedback and assessment of the Commissioning Principles

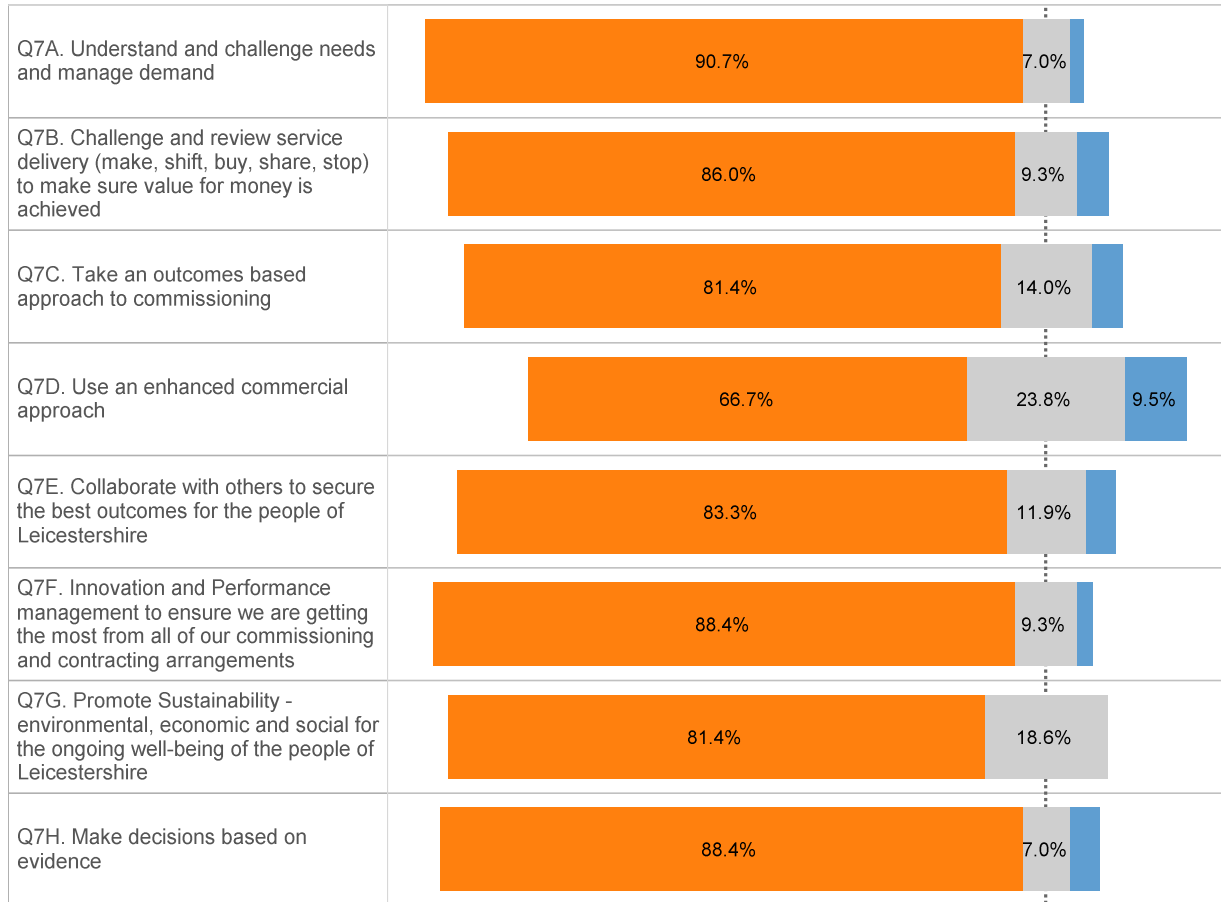
Respondents were asked to rate their overall agreement or disagreement with each of the key commissioning principles as outlined within the strategy.

The question aimed to gain insight on people's views having read the Commissioning and Procurement strategy and their views on the adequacy of the principles chosen. To support the analysis and feedback process, respondents were invited to provide free text response in addition to rating the principles.

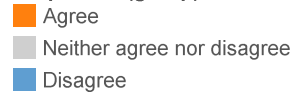
The assessment of the commissioning principles is below:

- Overall respondents' views

Q7. To what extent do you agree or disagree with each of the key commissioning principles as set out in the Commissioning and Procurement Strategy?



Responses (group)



General feedback:

On the whole the key commissioning principles that are proposed by the County Council were met with favourable responses with comments received such as *“The principles provide the breadth required and useful depth in the ‘what we will do’ section”*.

Respondents echoed the sentiment that a more effective approach to commissioning could only be developed through the *“Greater involvement of people who will use services in their design and delivery.”* The strategy has identified co-design as a key deliverable. The Implementation of the strategy will pay particular attention to seeking ways in which service users can be engaged with the Council in co-designing of services.

Feedback indicated that the sequence in which the principles were presented would make more sense if ‘Making decisions based on evidence’ appeared at the

beginning of the principles. It was not the intention to present the principles in any order of importance, but it is accepted that this principle might fit better as the first of the principles as it underpins all of the other principles and decisions that might be made.

Where feedback was provided specific to any of the principles it is summarised below.

Understand and challenge needs and manage demand: One respondent identified that more could be done here through jointly working with other providers such as hospitals to predict and manage social care demand: *“provide plans for seamless, joint-working with hospitals to predict and manage social care demand - there is lots of demand planning information in NHS data that is not being shared or used by the Council.”*

The Better Care Together programme has been set up to specifically identify ways in which a more integrated approach to health and social care can be provided. Further information can be found here: <http://www.bettercareleicester.nhs.uk/>

Further to the above, the strategy specifically identifies how Commissioning Outcomes Groups could be formed to help in the achievement of joint objectives across all areas of service delivery.

Outcomes based commissioning: It was acknowledged that an outcomes based approach will not be relevant to all services. The Council will undertake an assessment as to the relevancy of this approach prior to committing to commissioning solely on outcomes. However, the Council feel that significant benefits and innovation in service delivery can be achieved through focusing on what is important rather than pre-defined input activity. For these reasons it is intended that a greater focus will be applied to commissioning for outcomes. A number of supporting measures such as training, revised governance and management practices will be put in place to help the Council achieve this aim.

Challenge and review service delivery model: The increasing need to use and engage with the VCS was referenced throughout the strategy, there were mixed feelings from the respondents on the potential use of VCS organisations. Some were positive: *“Many voluntary sector organisations are professional and deliver a very high standard of care and support working with a lot less infrastructure than commercial businesses. Volunteers have a choice whether to volunteer or not and in my experience, over 20 years, volunteers offer their time and commitment for the 'right' reason and provide a very professional service.”*

Whilst others maintained a different view point stating: “[use of] Volunteers / time banking is not efficient to meet the need / experience required...”

As stated within the strategy in particular within the key principle of ‘Challenge and review service delivery (make, shift, buy, share, stop)’, the Council will select a delivery option (e.g. use of VCS, provide service in-house, procure external party, stop / de-commission service) after a full analysis of the suitability of the options available has been conducted.

Further information concerning the Councils approach to engaging with communities can be found through the Communities Strategy http://www.leics.gov.uk/communities_strategy

Enhanced commercial approach was the least popular of the principles. There was a miss-conception as to the meaning of what is intended through this approach. One respondent commented that:

“An enhanced commercial approach will undoubtedly ignore the basic needs of our most vulnerable service users, it will also stop smaller companies winning contracts”

The enhanced commercial approach is not about pursuing the lowest cost at the expense of all other considerations. The Council is in any case required to ensure wider issues such as the impact on Social Value are taken into consideration alongside the overall value for money that is being delivered through commissioning decisions.

Further staff training and development is planned to help the Council continue to ensure that the best services are delivered in the optimal and most cost effective way.

Collaboration: The theme of collaboration emerged from several of the respondents stressing how they felt that issues may have arisen through a (perceived) absence of effective joint working. One respondent didn’t think that there was sufficient focus on *“co-production and co-delivery of services”*.

Collaboration itself is a key commissioning principle identified within the strategy. To support this, the strategy identifies 12 distinct actions that the Council should progress to improve its position with regards to collaboration.

Further to this, implementation of the ‘Commissioning Framework’ (a deliverable of the Effective Commissioning Enabler project), better collaboration, governance and the wider use of concepts such as ‘Commissioning Outcomes Groups’ as described within the strategy will address this point head-on.

Collaboration (aggregation of contracts): Respondents raised concerns that increased collaboration may lead to bigger contracts which become un-manageable for SME's and the VCS. The Council is committed to supporting local VCS and SME organisations (currently 52% of all of our spend is with SMEs) so whilst collaboration with others may lead to bigger contracts (in aggregate by value), wherever possible the Council will take steps to ensure SME's and the VCS can still apply through the use of techniques such as breaking the contracts down into small lots. The new EU Procurement rules, when transposed into UK law, will also require contracting authorities to justify why tenders have not been divided into 'lots'.

Collaboration (sharing of information and plans): The Council recognises under a number of the key commissioning principles and throughout the strategy that more could be done if we engaged with our supply markets more effectively. One respondent commented that:

"If a rolling predicted spend for a minimum of 2 or better 3 years could be provided then better planning can be made. This may equate to better service planning and delivery from the given budget. With less notice for the coming year, the service is more reactive and likely to be a poorer service for a given expenditure".

This point is recognised and referenced by the action statement under the principle of 'Collaboration' that states we will "*Share our commissioning work plans with other authorities and our suppliers*". It is recognised our ability to engage more effectively with suppliers is a key driver to delivering smarter commissioning. This action is a priority and an approach to sharing our commissioning forward plans is currently being developed as part of the strategies' implementation plan.

Feedback also indicated support for an improved approach to the way staff collaborate across the Council between departments. It was felt that: "*Better communication between departmental colleagues would enhance the experience for both staff and customers.*" This will be addressed through revised governance, training and implementation of the commissioning framework.

Innovation and Performance Management: There was broad support for the principle and recognition that a more consistent and innovative approach "*would be beneficial in order to ensure the services needed are functioning at a high level.*"

Making decisions based on evidence: Feedback was received from the Lesbian, Gay, Bi-sexual and Transgender (LGBT) workers group concerning the lack of

census data concerning the size, distribution, age profile etc. of the LGBT population in Leicestershire upon which 'evidenced based decisions' could be made. This feedback has been forwarded onto the relevant Transformation Programme Enabler for action.

As the Council increases its focus on making 'evidence based decisions', it is our intention that this type of data will increasingly be collected and used in the decision making process. Data may be collated via a number of routes including the use of our external partner organisation contracts such as the Engagement Representation Equalities Challenge or the Community Infrastructure Organisation.

What else, if anything could we do to improve the Commissioning and Procurement strategy overall?

Further free-text responses were invited from respondents regarding what else could be done to improve the strategy. Feedback received is summarised below.

Simplification of procedures to facilitate SME / VCS access: Several respondents commented that the Council should seek to make it easier for SME and VCS organisations to apply for work.

One respondent suggested: *"Make the tendering process easier so that smaller less well established companies and community organisations have a better chance of winning contracts, this will enhance the market place, support diversity and give real opportunities for development and choice."*

The Council recognises the importance of developing its relationship with the SME and VCS market place. A simple Request for Quotes process is already used for tenders below £100k in value. In addition , the strategy sets out further actions to ensure doing business with the Council is as easy as possible. The implementation of the strategy will see that key actions including simplification of documents and process through use of our eTendering portal will continue to make it easier for smaller organisations to do business with the Council.

Further actions including: sharing a forward plan of our planned commissioning activity and wherever feasible, splitting contracts into smaller lots to facilitate SME engagement will be added to the strategy and associated implementation plan.

De-commissioning of services: Feedback was given that greater recognition should be given to 'de-commissioning' as a commissioning activity. De-commissioning is referenced as a service delivery model within the key principles and at several other stages throughout the document. It is acknowledged that the Council will increasingly need to de-commission services. To facilitate this, a tool-kit

and training are being developed to help officers ensure that any de-commissioning is done as effectively as possible.

Training and development of staff: One respondent commented that LCC staff should be *“more aware of what the commissioning and procurement function does and how it directly relates to their role. It is clear that this message is not well known.”*

One of the key work-streams of the Effective Commissioning Enabler programme is to develop a Council wide approach to commissioning awareness and training. This will be addressed directly through implementation of the Effective Commissioning Enabler.

Other: Other comments and suggestions were received in relation to how the Council could save money and improve through greater analysis of spend, introduction of 3rd party scrutiny for all schemes and reviewing the way in which mediation could be used to resolve disputes across the authority.

Further comments raised varied from the benefits associated with the formation of a Unitary Council to ways in which an employee award scheme based on sharing of savings could be instigated.

All new suggestions will be considered as part of the wider implementation of the strategy.

Where any comments related to a specific service, these have been forwarded to the relevant service manager for information and follow up where applicable.

Should any of the respondents wish to discuss their suggestions in further detail they should contact byron.vincent@leics.gov.uk

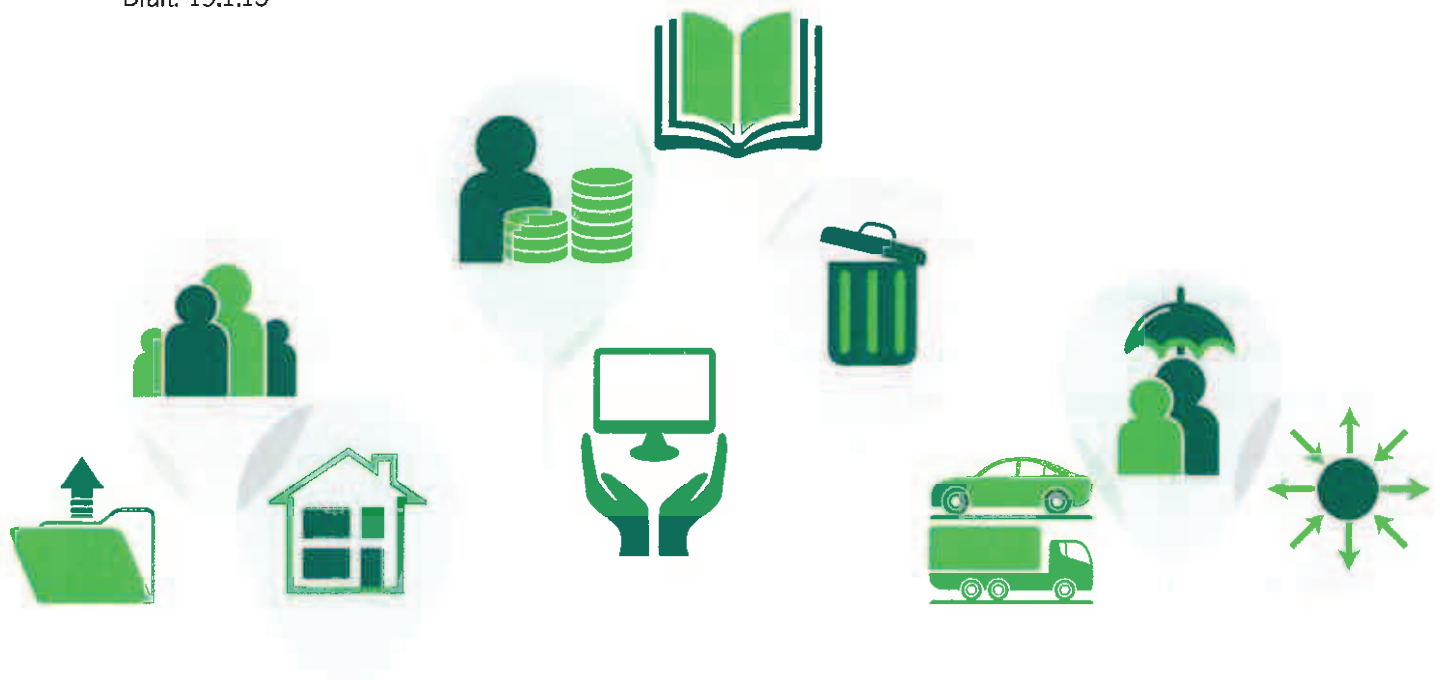
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Transforming the way we work

Commissioning & Procurement Strategy

Draft: 19.1.15



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Foreword

Our local communities and tax payers depend on us, the council, to commission essential public services to satisfy the people of Leicestershire's needs.

In common with all public services across the country, we are facing unprecedented challenges brought about by ever increasing demand and the most difficult funding position since World War Two.

Not only are we responding to demand and budgetary pressures, we are also implementing significant regulatory and structural change with both The Care Act and Health and Social Care Integration coming into effect.

With challenge comes the opportunity to fundamentally transform the way we operate. We are an ambitious local authority committed to delivering a better quality of life for people in Leicestershire and better value for money for the taxpayer.

In embracing these challenges, effective commissioning, procurement, performance and contract management have never been more important in transforming and enhancing public services than they are today. Similarly, communities have a key role to play in supporting the

effective commissioning of these services by the council and other agencies. They are ideally placed to help identify key local stakeholders, understand the needs and aspirations of local people, map community resources, establish priorities and to generate and assess options to tackle priorities. They can also play a role in delivering services, or supporting their delivery and help to evaluate progress so that services are fully tested from a local perspective.

With the support of our staff and communities we intend to use commissioning opportunities to inspire new thinking, to harness co-creation and to deliver additional social value in all we do.

This strategy therefore aims to set the vision and direction for our commissioning activity as well as establish the principles and framework which will underpin all our commissioning decisions. In doing so, we aim to make commissioning more effective and to create a consistent outcome-based approach to commissioning across the Council and our partners. In order to move forward we will not only deal with external challenges, but set ourselves challenges that will stretch our capabilities to help transform the way we commission and how we work jointly with our partners and the different communities within Leicestershire.

Our vision for transformation

"The council needs to respond urgently and safely, transforming our services, our focus and our working practices.

We need to look at what we do in a different way. Our relationship with communities and individuals will change, and others may need to take on what we now have to stop providing.

At the heart of our transformation must be a renewed focus on our customers and our communities, with a determination to put people and outcomes ahead of organisational boundaries and bureaucracy."

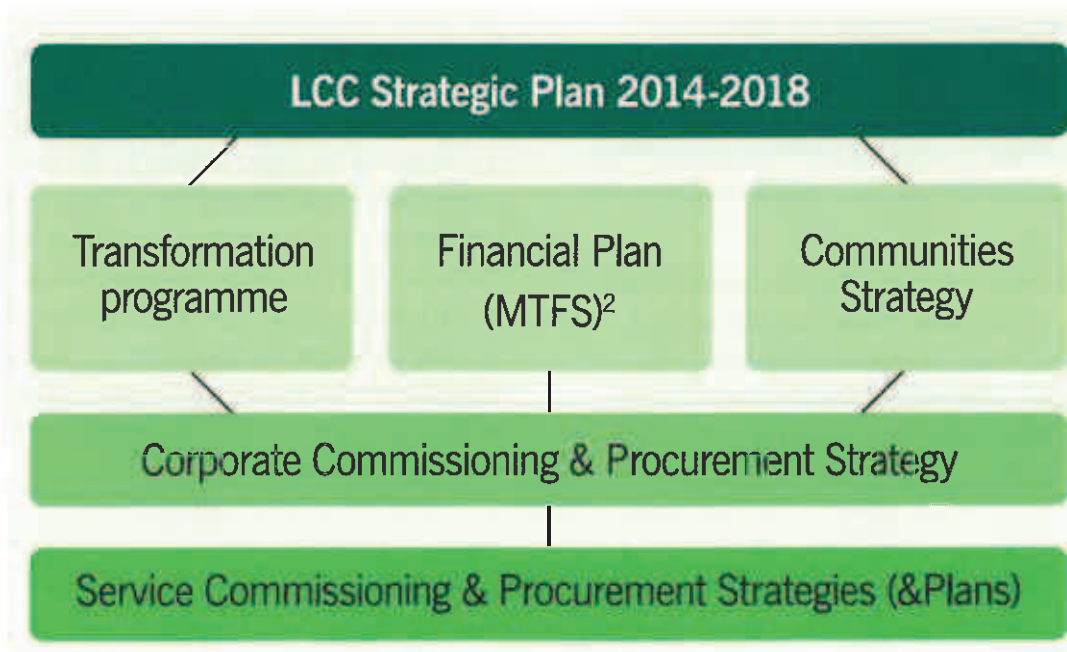
Source: LCC Strategic Plan 2014-2018

Introduction

This strategy sets out the vision and direction for commissioning activity across the council and how we will achieve this over the next 4 years as well as establishing the principles and framework which will underpin all our commissioning decisions.

Our aim is to ensure a robust and consistent approach is adopted to all our commissioning activity.

This strategy supports the delivery of our Strategic Plan¹ and other corporate strategies and plans including our Transformation programme, the Financial Plan and our Communities Strategy. At the same time, our service strategies and plans will reference the commissioning principles set out within this document and develop tailored plans for achieving their commissioning goals including specific details of what will be delivered by when and how.



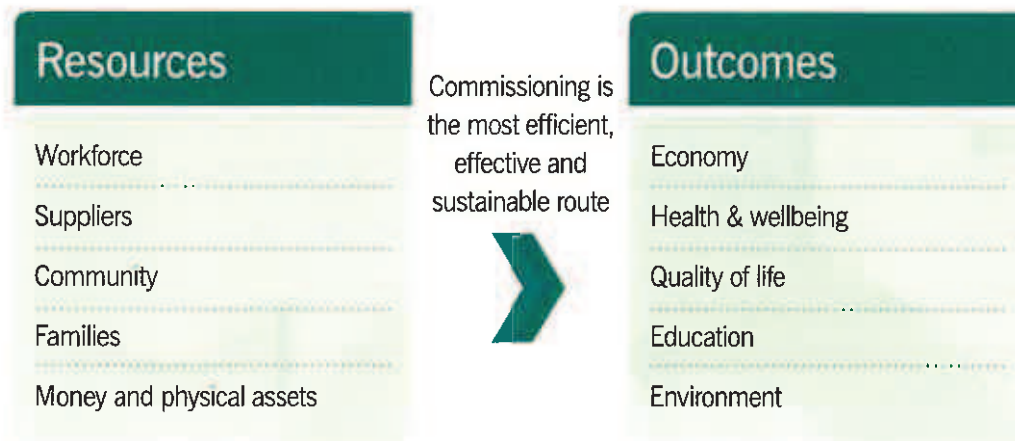
¹ For further information on the Council's strategies and plans, please visit www.leics.gov.uk/our_priorities_and_objectives

² MTFS is the Council's Medium Term Financial Strategy which contains details of the Council's current forecast revenue budgets and capital programme.

What is commissioning and what is procurement?

It is important that all of our customers, citizens, suppliers and staff understand what commissioning and procurement mean.

“Commissioning” is the process for deciding how we will leverage the total resources available in order to make the biggest possible impact on outcomes in the most effective, efficient and sustainable way. The diagram below illustrates how we utilise commissioning to deliver outcomes.



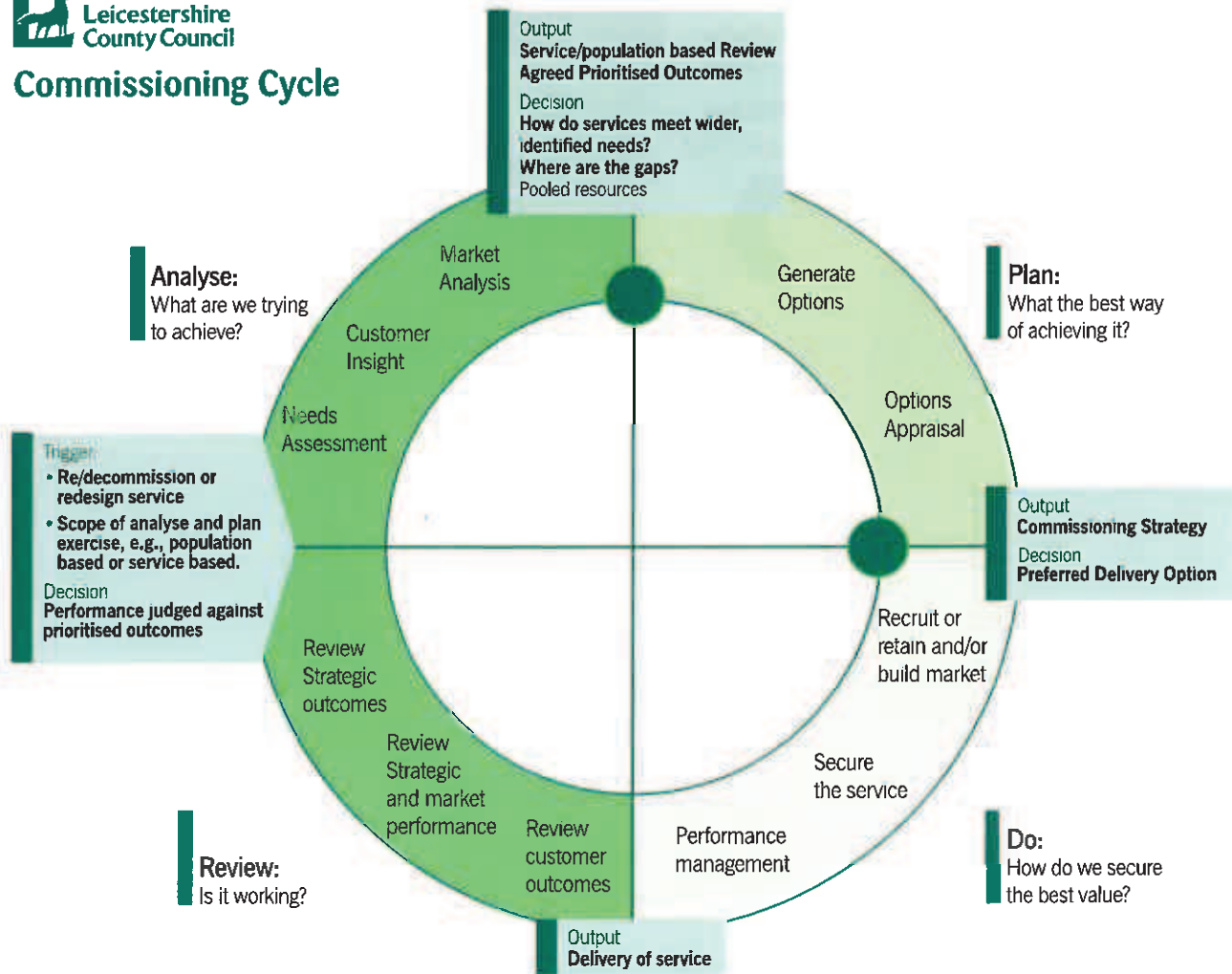
“Procurement” is the process of the acquisition, usually by means of a contractual arrangement after public competition, of goods, works or services. Procurement ensures we seek value for money in how we deliver commissioning plans.

To get the best from the finite resources available we recognise that commissioning does not end once the service has been put in place. The commissioning cycle

below shows the various stages of commissioning and the typical activities we will undertake to ensure that services remain fit for purpose and delivering best value throughout their intended life.



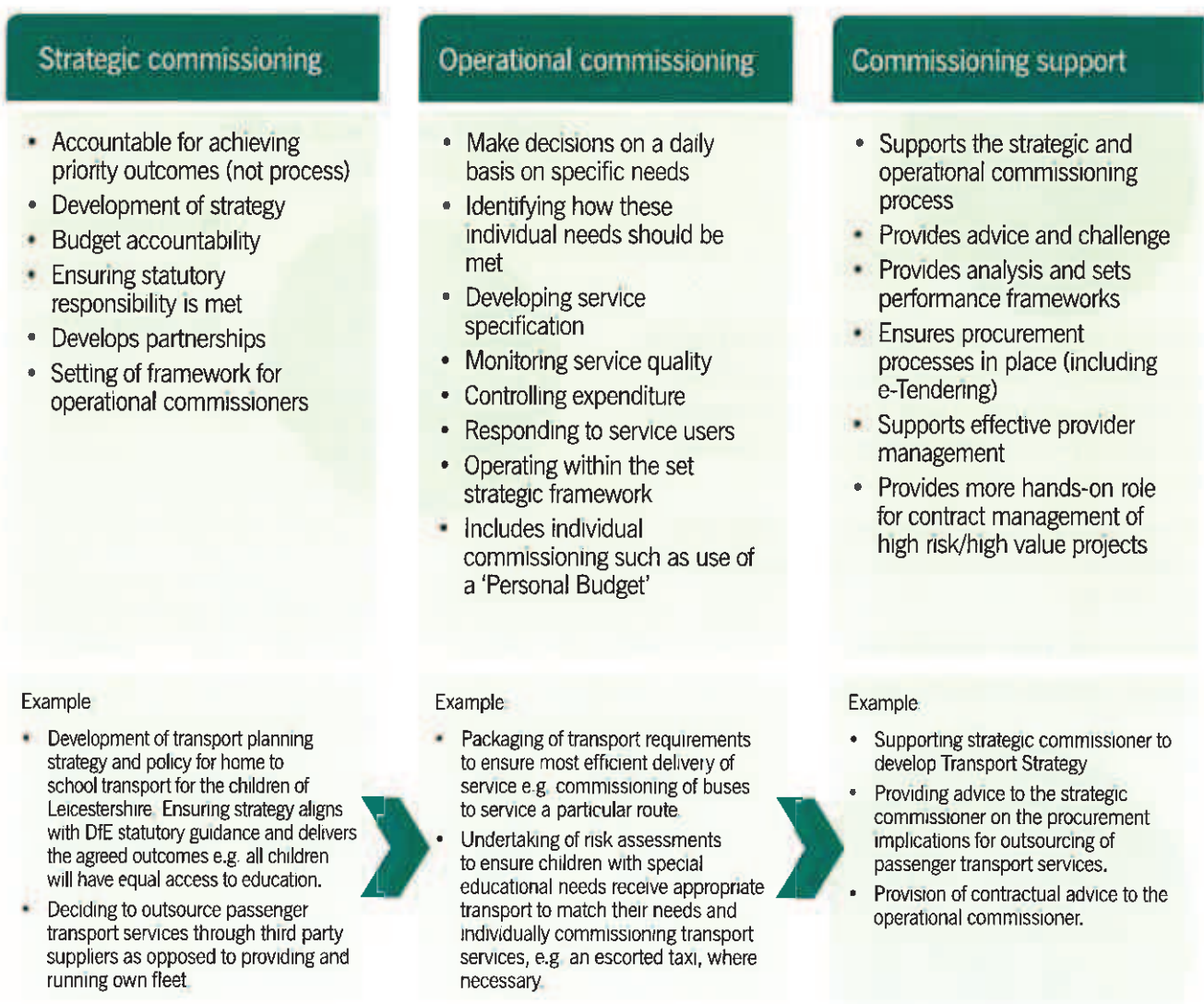
Commissioning Cycle



Commissioning activity is fulfilled by a number of different roles within the organisation. The diagram below highlights the differences and inter-dependencies of those roles:

Commissioning roles

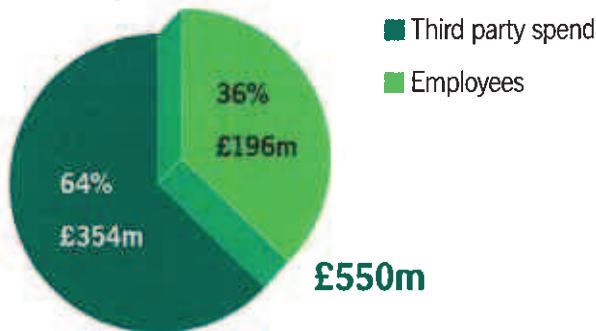
An illustration of Commissioning & Commissioning Support roles



Baseline position

We have an annual budget of £550m each year and around £354m (64%) of this is spent externally on buying goods and services from third parties. 'Employees' (the remaining 36%) includes spend on in-house services, trading operations and shared services as well as business support.

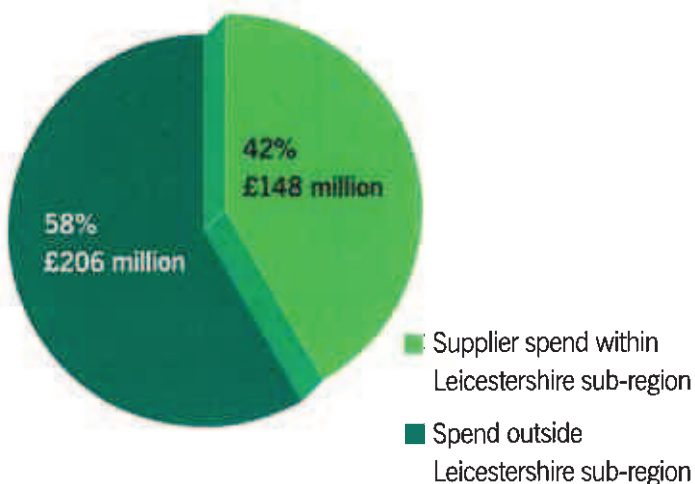
Total spend



By 2018 we expect the total size of this pot to reduce. We also expect the portions spent internally and externally to change as we focus on what is strategically important and also as the opportunity for people to buy their own services directly continues to increase.

Of our spend with external suppliers, about 42% of this is spent with suppliers within the Leicestershire and Leicester area.

Financial Year 2013/14: Total Leicestershire spend

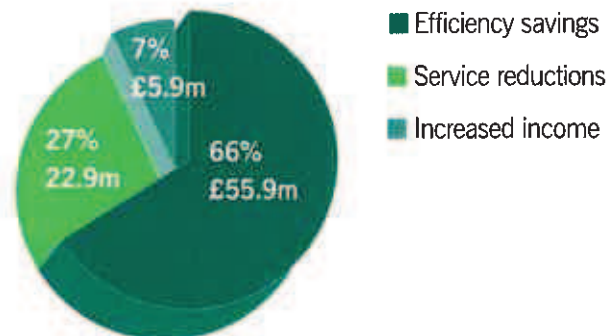


Further, we spend approximately 52% of all of our spend with Small and Medium Size Enterprises.

Wherever possible we will look to increase the money spent locally and with local businesses.

We have a successful track record of delivering savings with over £84.7m delivered between 2010 – 2014, achieved mainly through better commissioning and procurement.

Savings achieved in the period 2010-14



Council vision to 2018

The Council's vision is that Leicestershire is the best place to be – a place to work and prosper with a strong economy and good transport links, a place to bring up children and for families, a safe and healthy place which supports aging well and provides joined up health and care services for vulnerable people and a safe place with a good natural environment.

To deliver this vision we are changing fundamentally the

way the Council operates. We need to make the most of all the resources available - not just our resources - but those of our partners, suppliers and communities to make the biggest impact we can. In doing so, we will be able to promote independence and community resilience and yet still be there when we are needed the most.

To help us move forward we have developed a new model for how the organisation will function.

Corporate governance

Strategic policy; strategic commissioning; legal; strategic finance; assurance (risk management and internal audit) and democratic support

Integrated commissioning for outcomes

Accountable for outcomes

- Service policy
- Needs analysis and forecasting
- Stakeholder engagement
- Financial planning
- Risk and quality management
- Safeguarding
- Decision making

Commissioning for people and place

Older people	Children	Learning & education	Environment	Corporate property
Physical disabilities	Public health	Learning disabilities	Transport & highways	Economic development
Public protection	Mental health	Families	Regulatory services	

Service delivery

Individuals

Communities

Shared services

3rd sector

Private sector

Public sector

In-house

Commissioning support

- Support option appraisals (service redesign)
- Procurement
- Contract and supplier management
- Performance and business intelligence
- Market and community development
- Consultation and engagement

Transformation support

- Programme and project management
- Change and learning and development
- Strategic IT
- Communications

Operational support and infrastructure

- Customer Services (all channels)
- IT operations
- Facilities management
- Traded services
- Transactional processing
- Business Support

This model shows how commissioning will be carried out in an integrated way, working across partnerships and service areas, to help understand citizens and local communities better and then to use this insight to secure better outcomes.

Having a diverse set of suppliers to be able to deliver these outcomes at the right quality and cost is an essential part of our commissioning and procurement strategy. Which service delivery option is used will be determined by a clear evidence base. We will continue to challenge the nature of how services are delivered and stimulate and develop markets where there are capability gaps or capacity is limited.

Commissioning framework

Corporately, we are adopting a structured framework for commissioning. The new framework creates a 'blueprint' for our commissioning approach and outlines the stages and components required for effective commissioning including: an evidence based needs analysis to understand the user requirements, establishing clear outcomes and priorities that we are seeking to achieve, using these outputs to develop clear commissioning strategies and then putting clear intentions and plans in place.



Commissioning Principles

To achieve our vision, we have developed a number of key commissioning principles. These principles will apply to all commissioning activity across the council and will become the reference point for how we commission services in the future.

Our principles are:

- **Make decisions based on evidence.**
- **Understand and challenge needs and manage demand;**
- **Take an outcomes based approach to commissioning;**
- **Challenge and review service delivery (make, shift, buy, share, stop)** to make sure value for money is achieved;
- **Use an enhanced commercial approach** by taking a more 'business like' approach to creating further efficiencies and maximising income;
- **Collaborate** with others to secure the best outcomes for the people of Leicestershire;
- **Innovation in Performance management** to ensure we are getting the most from all of our commissioning and contracting arrangements;
- **Enhance Sustainability – environmental, economic and social** for the ongoing well-being of the people of Leicestershire;

Within each of the principles we have detailed a number of actions we will undertake. The key actions in achieving each of the principles can be summarised as follows:

Commissioning principle	Key action
Make decisions based on evidence	Increase corporate responsibility for data and Business Intelligence (BI), and its role within developing an evidence based culture, supported at a corporate level to provide the professional expertise to the whole organisation.
Understand and challenge needs and manage demand	Take a joined-up approach to commissioning through establishment of commissioning outcomes groups. This will bring commissioners across the council and the wider public sector together with suppliers to explore joined up creative solutions.
Take an outcomes based approach to commissioning	Working with our partners, we will define the outcomes to be achieved in our corporate service plans and commissioning strategies and demonstrate our progress in meeting these outcomes.
Challenge and review service delivery (make, shift, buy, share, stop)	Challenge the status quo, investigate and robustly interrogate how we can best manage demand and leverage the capabilities of alternative delivery models.
Use an enhanced commercial approach	Instil a culture of commerciality amongst our staff through training and re-structure our commissioning support to form an internal Centre of Excellence to make the most of our resources.
Collaborate	Implementing a “whole area” approach to public services e.g. Community Based Budgets – joining up with Clinical Commissioning Groups, Police Force, Fire Service, Universities and District or Borough Councils, etc. in our communities to undertake demand analysis and develop category specific plans.
Innovation in performance management	Develop a robust authority wide framework for supplier and performance management that sets out a standard approach and toolkit for monitoring, reporting and incentivising internal and external supplier performance and achievement of outcomes over the life of a contract.
Enhance sustainability – environmental, economic and social	Through continued use and development of tools such as our environmental implications tool, we will use our commissioning and procurement activity as an opportunity to maximise the positive outcomes and minimise negative impacts for environmental, economic and social sustainability.

Commissioning principle:

Making decisions based on evidence

Where we are now:

Having a deep understanding of local needs is essential to how we commission our services. At present not all of our service planning and delivery is being based on hard evidence - often we are not stopping to really understand and challenge the need for services or whether they are being delivered in the most efficient way possible. This is happening because either the data or the understanding of best practice and processes isn't readily available to challenge, or capability to seek out such data and needs is not there.

Every step of the commissioning cycle (analyse, plan, do, review) is reliant upon having the right data and insight in place to make the right decisions. To support commissioners with the delivery of increasingly difficult and complex decisions, there is a need to ensure all decisions are being made based on evidence.

The principle of making evidence based decisions is one that runs across and supports all of the principles contained within this strategy, but there are specific fundamental commissioning steps we must take to ensure this happens.

What we will do:

- i. We will increase corporate responsibility for data and business intelligence (BI), and its role within developing an evidence based culture, supported at a corporate level to provide the professional expertise to the whole organisation;
- ii. Share our data and BI with our partners including our communities, to help plan service design and delivery – this will include a greater focus on forward looking information and scenario planning to enhance the trend data we already use;
- iii. Use our research and insight to analyse and report on the effectiveness of our commissioning decisions, e.g. the effectiveness of our prevention work;
- iv. Make best use of our commissioning and contracting arrangements to collect reliable performance data and cost benchmarks;
- v. Work with organisations such as the “Centre of Excellence for Information Sharing” and “LG Inform”³ to ensure all relevant data and case studies of good practice are shared across authorities and the wider public sector;
- vi. Instil a culture of evidence based decision making across the organisation through, for example, the use of training, systems and processes and challenge decisions that are not evidenced-based.


Case study

Prevention review

Historically we have reviewed our services by looking at how they meet the council's objectives and how they have performed against existing contracts: not on how they have prevented our customers needing access to a more costly service. As part of our prevention review, we have worked with our service users and gathered existing data, research and intelligence to identify critical points where an intervention was most successful at maintaining a person's independence and the groups of people who are most likely to benefit from specific interventions. Gathering this evidence base allows us to make decisions on how we formulate the reshaped prevention offer as well as setting the evaluation and performance management criteria in order to develop and grow the evidence base for future commissioning of prevention services.

³ LG Inform provides up-to-date published data about a local area and the performance of local councils. Further information is available from www.lginform.gov.uk

Commissioning principle:

Understand and challenge needs and manage demand

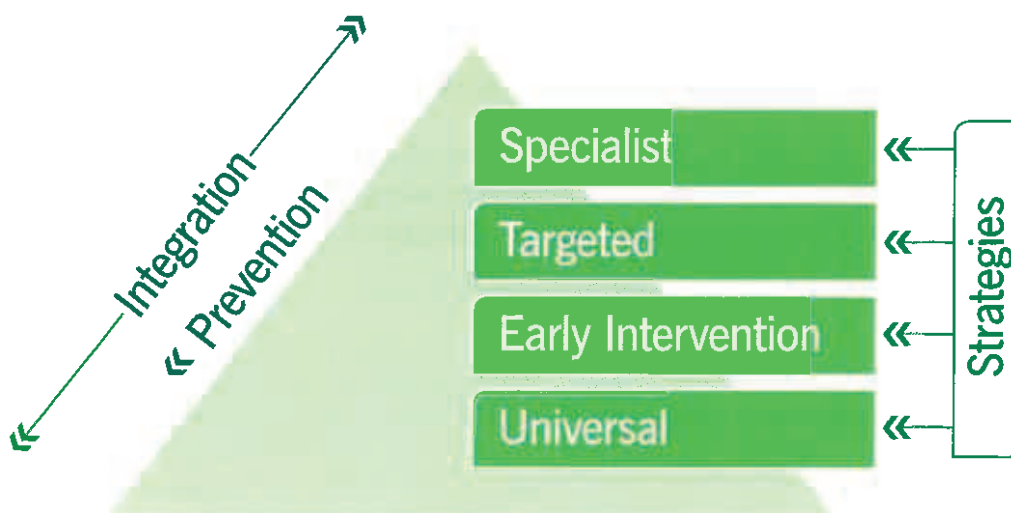
Where we are now:

Understanding local needs and preferences as well as reducing demand longer-term lies at the heart of effective commissioning. We currently use a range of techniques to help us understand the needs of individuals and the population overall. We are also pioneering the work of the Centre of Excellence for Information Sharing, an innovative collaboration between local and central government, to facilitate sharing information across the public sector. Our track record of managing demand is very much focussed around targeting resources at those people and places in greatest need, whilst increasing the resilience and developing the resource base of our communities and individuals to help themselves.

To avoid creating unnecessary demand and in seeking an approach to manage unavoidable demand in the most effective way possible we must seek to take a long term view. Without a long term and holistic view of demand we risk delivering false economies where reductions in provision in one area result in increases elsewhere.

However we understand the importance of having a more sophisticated approach to identifying needs, understanding demand and also reflecting the rights of citizens to play a role in shaping the services they receive. For example, we are piloting a whole systems approach to understanding the needs of and managing the demand for services for people with disabilities.

Where necessary, the council will continue to provide high quality specialist services, but more and more the council is developing strategies and services to support preventing more acute needs from developing in the first place, through early intervention and targeted services. In addition the council's plans to build community capacity plays a vital role in this model.



What we will do:

- i. Take a joined-up approach to commissioning through establishing commissioning outcomes groups to bring commissioners across the Council and the wider public sector together. These groups support the decision making process, and will be used to explore creative solutions to respond to identified needs;
- ii. Seek to understand customer expectations through consultation, and effectively communicate what we can and cannot do, and why;
- iii. Provide clearer information and signposting to help customers and citizens access services and facilities provided by their local community;
- iv. In line with our Communities Strategy we will seek to reduce demand across all departments by a) building the capacity of communities to support themselves, individuals and families; b) supporting community groups to take over relevant services and c) developing voluntary and community sector organisations as effective providers;
- v. Through revised governance arrangements, we will build a corporate approach to demand management to reduce the chances of duplication, over supply and unnecessary cost.



Food waste Managing demand

With increasing costs of sending waste to landfill, we worked with Oadby & Wigston District Council and suppliers within the waste disposal market to let a contract for the treatment of food waste. Through this contract so far, we have diverted approximately 300 tonnes of waste from being sent to landfill resulting in a net saving to the taxpayer.

Our “Love Food Hate Waste” programme, encourages people to make the most of the food they buy and to minimise waste. As well as potentially saving the average family in Leicestershire up to £50/month, this initiative has also reduced the resources spent on waste collection and disposal.



Commissioning principle:

Taking an outcome based approach to commissioning

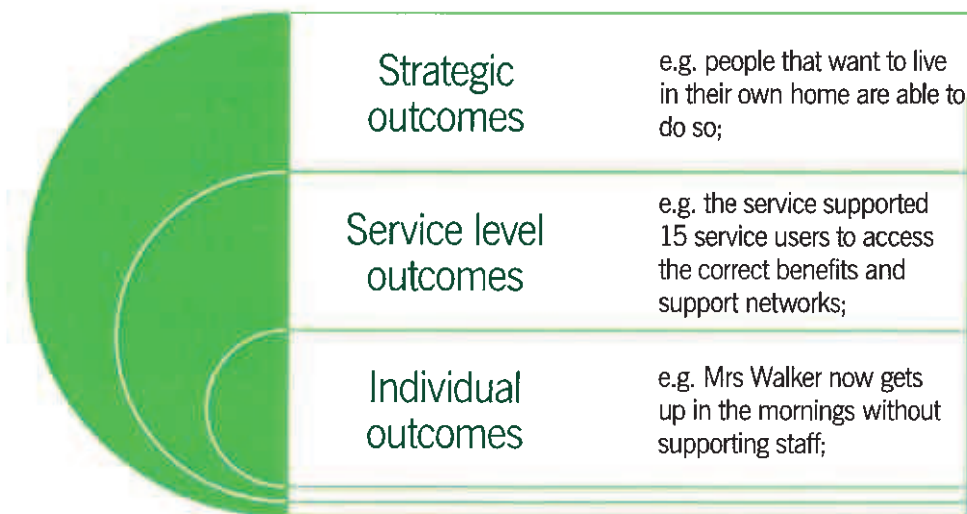
Where we are now:

Our commitment to better commissioning means achieving great outcomes. The importance of commissioning against outcomes has been widely recognized for many years. A focus on outcomes which encourages commissioners and importantly service users to express the outcomes they want, provides scope for user empowerment and choice, and better quality fulfilment of needs. It involves moving from a traditional activity-based approach to service planning and delivery, to a more flexible and responsive model where new thinking is needed about how to measure success.

Outcome based commissioning means (where appropriate) shifting the basis on which services are purchased and resources allocated. Typically this will be from units of service provision for pre-defined needs (e.g. tasks, hours, days or weeks of a given activity) to what is needed to ensure that the most important outcomes for the people of Leicestershire – improving their lives - are met. For some of our services this will be a paradigm shift in the way that services are thought of and delivered.

An outcomes-based approach also encourages us all to focus on the difference that we make and not just the inputs or processes over which we have control. It is only right that we are judged by the difference we make to people's lives in Leicestershire

Outcomes can be further categorised into:



For certain services e.g. Children's services, we have statutory duties to deliver specified outputs that will make it hard to deliver solely on an outcomes based approach, however, we will seek to take this further and apply outcomes based commissioning wherever possible.

What we will do:

- i. Working with our citizens, partners and service users, we will define the outcomes to be achieved in our corporate service plans and commissioning strategies, and demonstrate our progress in meeting these outcomes;
- ii. Implement where appropriate a robust approach to “payment by results” to incentivise in the achievement of outcomes;
- iii. Pro-actively lead in market engagement designed to stimulate supplier innovation;
- iv. Ensure that contract specifications make detailed reference to the outcomes to be delivered and how these will be measured;
- v. Put in place effective contract management / performance monitoring systems to ensure outcomes are delivered and measured;
- vi. Develop a commissioning toolkit to support commissioners in using an outcome based approach and tailor training plans to ensure that outcomes based commissioning skills are taught to all relevant staff.

Case study

Youth employment

An outcomes based approach

By working with the Leicester and Leicestershire economic partnership (LLEP), local employers and schools and by investing in an effective careers advice and guidance service and an apprenticeship scheme, the Council has been able to reduce the rate of young people ‘not in education, employment and training’ (NEET) to 2.8% (July 2014), one of the best performing authorities in the region. This has also helped to improve economic growth as well as reduce the financial costs, which would otherwise have been borne by the taxpayer for out-of-work benefits.



Commissioning principle:

Challenge and review service delivery ('make, shift, buy, share, stop')

Where we are now:

We already have a mixed economy in place including in-house provision, shared services, partnerships and contracts and adopt a business case approach to our project activity.

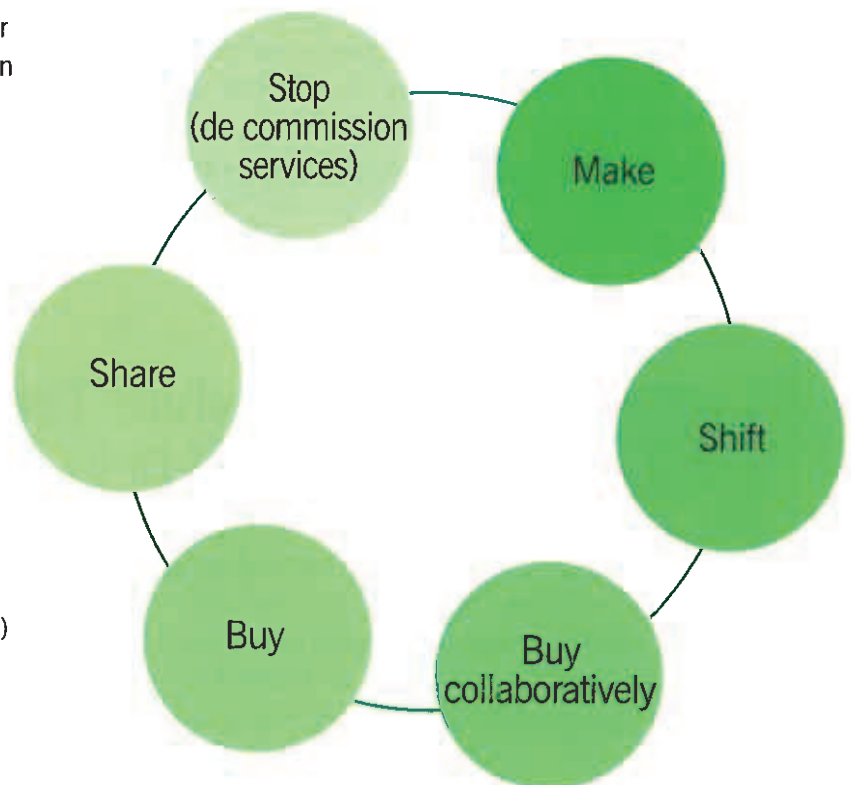
We have been working with Voluntary Action Leicestershire (VAL) to create a thriving and local voluntary and community sector by supporting them to help organisations in this group to tender successfully for public service delivery contracts. We have also been working with the Co-operative & Social Enterprise Development Agency (CASE) to support the development of social enterprises in the County.

In deciding how best to deliver outcomes, our commissioners have several routes open to them:

- In house provision (make) e.g. Leicestershire Highways Operations providing highways maintenance services; school meals service;
- Shared in-house provision (share) e.g. East Midlands Shared Services providing operational Human resources (HR) and pay roll services;
- Buy from one or more external suppliers (buy) e.g. Information communication technology (ICT) software licenses being bought from Microsoft;
- Buying from one or more external suppliers in collaboration with one or more other commissioners (buy collaboratively) e.g. Leicester, Leicestershire & Rutland contract for

Integrated Sexual Health Service Provision, East Midlands Lawshare for legal services;

- Shifting provision elsewhere (shift) e.g. Community running of Dementia café;
- Stopping provision of the service altogether / decommissioning (stop).



Increasingly we will need to challenge the choice of delivery model. Unprecedented financial challenges call for unprecedented solutions. We simply cannot afford to commission all services on a like for like basis.

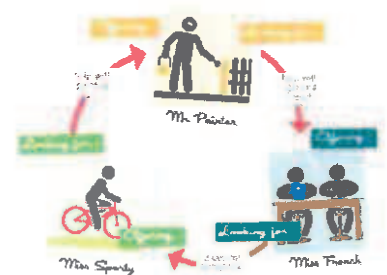
What we will do:

- i. Challenge the status quo, investigate and robustly interrogate how we can best manage demand and leverage the capabilities of alternative delivery models;
- ii. Investigate and establish (where relevant) a market development programme which through market analysis, engagement and development will help to shape a robust, innovative supply market;
- iii. Review, streamline and challenge our commissioning strategies and plans during their development phase to make sure they are sufficiently robust in terms of intended outcomes and delivery models;
- iv. Assess delivery models on a level playing field and on their individual merit for achieving best value for the people of Leicestershire;
- v. Continue to progress the priorities set out within our Communities Strategy and investigate ways we can enable greater delivery through the communities, self-help and use of volunteers.
- vi. Enable customer and service users to determine for themselves their own best delivery option through creating and promoting personalisation (including the increased use of personal budgets);
- vii. Support (where relevant and applicable) the community right to challenge and also support establishment of employee mutuals;
- viii. Set out a corporate approach to the decommissioning of services.

Case study

The Leicestershire Timebank Community self-help

The Leicestershire Timebank initiative, which enables residents and businesses to exchange services using units of time, has made a positive difference to individuals and community wellbeing. Originally set up by the Council in 2012 to develop the social and health care market locally and to enable people in the local community to support one another, the Timebank has operated successfully on both a business to business and individual to individual basis.



Timebanking
in Leicestershire

Commissioning principle:

Enhanced commercial approach

Where we are now:

We recognise that making sound commercial decisions and the ongoing management of our cost base is essential for the Council's business. We were an early initiator of the category management approach to managing our procurement spend and have been instrumental in delivering savings whilst at the same time meeting increased demand.

Two of the key priorities identified in the Council's Transformation Programme are "working the Leicestershire pound" and "working effectively". Whilst not activities that will be delivered exclusively through Commissioning and Procurement, clearly there is a large role to play in the achievement of better value for money, efficiency and maximising the funding available to the Council.

As a response to the financial pressures that we face and will continue to face, there is recognition that we need to take a more commercial approach to our commissioning and procurement activity so that we not only maximise the possibilities to create efficiency but also to save money and generate extra income wherever possible.

Adopting a more commercial approach does not mean taking unnecessary or uncalculated risk, or pursuing lowest cost at the expense of wider council considerations such as the social value agenda. However, it does mean taking a more balanced view of the impact commissioning decisions will make, the risks associated and the value for money being delivered.

What we will do:

- i. Instil a culture of commerciality amongst our staff through training and re-structure of our commissioning support to form an internal Centre of Excellence to make the most of our resources, share best practice and achieve greater consistency in our approach;
- ii. Ensure that the commercial structure (including Key Performance Indicators (KPIs), Service Level Agreements (SLAs) charging mechanisms) of our key contracts (by risk and value) compares well with leading industry practice;
- iii. Apply “the total cost of ownership” and ensure full investment appraisals are undertaken in our Commissioning and Procurement decisions, i.e. true costs over the lifetime of a service or product, not just the initial price quoted or paid;
- iv. Apply payment by results for our suppliers, where appropriate, linked directly to specified outcomes;
- v. Incentivise innovation and enhanced performance through pain share / gain share mechanisms, e.g. sharing savings achieved through supplier led innovative solutions, or jointly agreeing ways in which risks and costs are shared;
- vi. Review ways to continue to reduce our transactional costs e.g. through our invoicing process and the wider use of Purchasing Cards (PCards);
- vii. Continue to roll out eTendering and other tools that will help us to improve our efficiency;
- viii. To maximise our opportunities for generating surplus income to reinvest in front line services we will develop consistent business plans and marketing strategies to ensure we are maximising the potential for income generation;
- ix. Recognize and capture the role of Social Value in “Working the Leicestershire Pound”.

Case study

Property services Local contractor framework agreements

Saving money for Leicestershire schools through providing a more cost effective service has been the result of the Council changing the way Property Services engaged with the marketplace. Instead of working with a large prime contractor, the Council has instead partnered directly with a range of local contractors directly. This approach has also added value to the local economy.



Commissioning principle:

Collaboration

Where we are now:

We have a strong history of involving those people who use our services in their design and monitoring as well as collaborating with other public sector services

The benefits of collaboration have long been known to us and much good work has been done on building relationships and establishing ways in which we can work with others for mutual benefit.

As financial pressures continue to be felt across the Public Sector we must look at ways of building on the work done to date and maximising our opportunities to collaborate.

Within the Council's Strategic Plan 2014 – 2018 we state: "We will aim for greater integration and coordination of services both within the council and across partner organisations. Through collaboration, shared and single services projects we will aim to save £4m."

Traditionally, collaboration has been undertaken through joint purchasing and aggregating demand. Whilst undeniably important, collaboration through commissioning and procurement is about much more. It's about understanding how other services may interact and how the decisions we make as part of the commissioning process will impact both directly and indirectly on others. Considering collaboration at the earliest stage will allow for these interactions to be identified, considered and taken into account as necessary. Effective use of collaboration and engagement with partners at the right time avoids unnecessary duplication. A reduction in duplication will in turn reduce demand, pressure on services and therefore costs.

For example, a total of £38m is being pooled between the NHS and council partners in Leicestershire to provide more integrated care in the community particularly for frail, older people, those with long term health conditions and other vulnerable groups, including carers.

It is acknowledged that collaboration won't always be relevant across all levels and there are often good reasons not to collaborate. However, instead of asking "why" - what is the benefit of collaborating? We will move to a default asking "why not"? Collaboration will be seen as the default option.

What we will do:

- i. Look to implement a “whole area” approach to public services e.g. community based budgets – joining up with Clinical Commissioning Groups, Police, Fire & Rescue Service, Universities and District or Borough Councils, etc. in our communities to undertake demand analysis and develop category specific plans;
- ii. Embed a collaborative culture as a default position: ensure that our staff are seeking opportunities for collaboration between the council, communities service users and suppliers as a key part of any commissioning activity;
- iii. Share our commissioning work plans with other authorities and our suppliers – wider integration with other public sector bodies and networks;
- iv. Share performance indicators (PIs) and cost benchmarking information across organisations;
- v. Share resources / skills – recognising where skill sets lay, and capitalising on that, including optimising use of our purchasing agent ESPO;
- vi. Where appropriate, encourage the Voluntary and Community Sector to work together to deliver services on a lead provider/consortia arrangement, to help to make this important sector more resilient.

Case study**East Midlands Shared Services Collaboration**

Through collaborating with our neighbouring authorities, we identified that several of our key support services could be combined and in doing so reduce un-necessary duplication. Working with Nottingham City Council, we established the “East Midlands Shared Service” – a back office support function providing transactional finance, HR administration and payroll services. Working in this collaborative way will result in a combined target saving to the tax payer of £2m.

East Midlands Shared
Delivering quality, affordable and resilient
support services to the public sector



Commissioning principle:

Innovation in performance management

Where we are now:

A commitment to excellent commissioning also means developing better relationships with our suppliers and maximising value from our existing contracts. Less than 1% of our suppliers currently account for 57% of our procurement spend.

Our contract management approach takes into account the risk and value of our contracts, focussing attention, for example, on the performance of our business critical suppliers to mitigate supply chain risk and to safeguard vulnerable people. We have previously been successful in unlocking savings through, for example, our “Key Supplier Cost Reduction project” and using our internal governance processes to check that contract management practice for individual contracts is robust.

Effective performance management is more than ensuring our suppliers meet contractual obligations and deliver cashable savings, it can also help us to identify and manage our own and suppliers’ risks and achieve savings and continuous improvement throughout the life of the contract.

However we recognise that our approach to managing our suppliers is varied. We are also developing our information on the performance of some of our in-house services. A lack of reliable performance management information, data and analysis limits our ability to inform future commissioning decisions on what works well, what doesn’t and why.

What we will do:

- i. Develop a robust authority-wide framework for supplier and performance management that sets out a standard approach and toolkit for monitoring, reporting and incentivising internal and external supplier performance and achievement of outcomes;
- ii. Undertake a forensic review of our existing contracts to make sure that we are maximising performance and savings;
- iii. Invest further in training in relation to contract and supplier relationship management;
- iv. Incentivise supplier performance through wider use of payment by results as well as implementing pain / gain share clauses where suppliers can retain a share of any savings brought about by efficiencies they introduce;
- v. Identify opportunities to work collaboratively with our suppliers to develop innovative approaches to service delivery;
- vi. Review our governance arrangements to ensure that the overall monitoring and risk reporting of suppliers (including community providers) - in particular for the Council's most critical external supply relationship - is being conducted in a consistent manner;
- vii. Continue to work with our business critical suppliers, and their supply chains, to make sure that they have robust Business Continuity plans in place to minimise any risk of disruption to our services;
- viii. Future proof our contracts to ensure scalability can be accounted for in light of fluctuating demand;
- ix. Benchmark our performance both on a qualitative and quantitative basis;
- x. Take support from a professional approach to data and business information through earlier and clear definition of management information needs, and then effective data collection and delivery to inform accurate assessment and decision making.

Case study**Smoking cessation
Payment by results**

Although the rate of smoking in Leicestershire is at an all-time low (19% of the population) and below the national average, the burden on the health service from dealing with smoking related diseases and for businesses in terms of absenteeism and smoking breaks remains significant. Through incentivising suppliers on a payment by results basis, the Council aims to help people to stop smoking and improve health outcomes. Payments are based on performance against identified measures such as 4-week quits, 12-week quits, carbon monoxide (CO) validation and Health Inequality quits.



Commissioning principle:

Enhance sustainability

Where we are now:

An integral part of commissioning activity for Leicestershire is making a positive impact on the environmental, economic and social sustainability both for the area and for the people.

Over the last few years we have made significant steps to building wider environmental, economic and social outcomes into our decision-making. Specific examples include:

- Setting mandatory requirements for an Environmental Impact Assessment to be completed before each time we procure a contract that has the potential to realise improvements in our Environmental Sustainability;
- Embedding the Social Value Act requirements within our Contract Procedure Rules and issuing guidance for all of our staff;
- 52% of our business is conducted through Small and Medium-sized Enterprises (SMEs) and about 42% of our total business is done with suppliers from within the Leicestershire sub-region;
- Working proactively to target economic growth and sustainability through the Leicester Leicestershire Economic Partnership (LLEP) and through our engagement to develop the LLEP Strategic Economic Plan. We have been working with the LLEP to develop ways in which we can raise awareness of business opportunities, provide advice, guidance and enable business growth and development;
- Our commitment to the Federation of Small Businesses (FSB) Small Business Friendly Charter, taking active steps to implement the recommendations set out within the Charter to make doing business with the council as easy as possible.
- We have received top marks from the Stonewall Workforce Equality Index for the way in which our procurement processes take account of equality and diversity, for example, through the checking of suppliers' policies, training and ongoing contract monitoring.

Whilst considerable steps have been made, we realise there is still a lot more that can be done.

What we will do:

- i. Through continued use and development of tools such as our environmental implications tool, we will use our commissioning and procurement activity as an opportunity to maximise the positive outcomes and minimise negative impacts for environmental, economic and social sustainability;
- ii. We will look to rollout ISO14001 (the international standard for Environmental Management) accreditation to relevant business units and ensure that our suppliers work with us to do their part in helping achieve this accreditation;
- iii. We will continue to simplify procurement processes - making it easier for SMEs to do business with the council;
- iv. Wherever possible, we will continue to promote opportunities for doing business with the council to local suppliers;
- v. Work pro-actively to ensure that our key suppliers have prompt payment arrangements in place right down the supply chain;
- vi. Through use of Employment and Skills plans we will continue to ensure opportunities for apprenticeships and training are created wherever possible;
- vii. Continue to place a strong focus on equalities, diversity and community cohesion through implementation of our Equalities & Diversity strategy and ensuring that our commissioning arrangements reflect the aims of the strategy;
- viii. Continue to take account of Human Rights considerations in our commissioning activity and will also ensure our suppliers take all reasonable steps to protect the human rights of their employees;
- ix. Ensure contract specifications make detailed reference (where appropriate) to environmental protection outcomes;
- x. Engage earlier with our SME and VCS supply chains through publishing our forward plan of commissioning activity.



Midlands Highways Alliance Skills Academy

Through a partnership of local authorities, contractors and consultants, the Midlands Highways Alliance (MHA), led by Leicestershire County Council, has set up a Skills Academy to develop training and skills opportunities for the local community, staff and the supply chain.

This is the very first highways-based Academy in the UK. It offers on and off site training opportunities, approved training schemes in conjunction with the Institute of Civil Engineers (ICE) and the Transport Planning Society, STEM (Science, Technology, Engineering and Maths) Ambassador training and community and school engagement projects including the 'Bridge to Schools' programme. By making the most of the MHA's purchasing power, it has been possible to put training opportunities in place for local people and support local economic growth.



How will we measure our success?

At the beginning of this document, for each commissioning principle we have set out a key action that we can be measured against. Within each of the individual principles there are further “we will” action statements that we intend to report on using a red, amber and green (RAG) rating for each of the statements.

We will report to Cabinet annually on our progress in implementing each of the individual commissioning principles. We will utilise corporate evidence on how progress is being made and publish the report on our website, as the delivery of outcomes to fulfil the needs of our customers and end users is the ultimate aim.

We will also benchmark our overall commissioning and procurement performance with that of other organisations using tools developed by the Local Government Association (LGA) and the Chartered Institute of Public Finance and Accountancy (CIPFA), and other tools such as the Commissioning Outcomes Framework⁴.

⁴ The Commissioning Outcomes Framework provides a national overview of how well health and social care outcomes are achieved.

Glossary

3rd sector:	This is the voluntary sector or community sector (also known as the 'not-for-profit' sector).
Business intelligence:	This is the process for analysing and interpreting data and presenting this information to help managers make informed decisions.
Category management:	This involves managing categories of spend by grouping together related products and services. Decisions about what products and services are bought, which suppliers are used and what contracts are entered into, are made on a category basis with a view to optimising quality and maximising savings.
Community capacity:	This means increasing the ability of individuals and groups to influence the issues that affect them and their communities to take part in decision-making. This includes enabling communities to provide and manage services to meet community needs.
Community resources:	This is anything that can be used to improve the quality of life in the local community e.g. a person who organises a local group; a physical building such as a social club, library or park; a community service such as public transport, local recycling facilities; a local business that provides jobs in the local economy.
Mutual:	This is a business owned by its stakeholders to achieve a corporate purpose for its members. A mutual may be owned by its employees, its customers or its local community.
Outcomes:	Outcomes are the changes, benefits or effects that will happen as a result of the services we provide. Outcomes are about the end product as opposed to the individual output activities. For example: One of our outcomes might be to reduce the number of young people not in employment, education to training. The outputs required to achieve this might be working with our suppliers to develop apprenticeship schemes, working with industry to create jobs or a campaign to promote the benefits of further education.
Sustainability:	Sustainability is about looking into ways in which we meet the needs of the present without compromising the ability of future generations to meet their own needs. Our approach to sustainability focuses on maximising the positive outcomes we can achieve and minimising any negative impacts.
