



Meeting: Scrutiny Commission

Date/Time: Wednesday, 27 January 2016 at 10.30 am

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. K. W. P. Lynch CC Mrs. J. A. Dickinson CC Mrs. C. M. Radford CC

Dr. R. K. A. Feltham CC Mr. R. Sharp CC

Dr. S. Hill CC Mr. R. J. Shepherd CC Mr. D. Jennings CC Mr. L. Spence CC

Please note: this meeting will be filmed for live or subsequent broadcast via the Council's web site at <a href="http://www.leics.gov.uk/webcast">http://www.leics.gov.uk/webcast</a>

- Notices will be on display at the meeting explaining the arrangements.

#### **AGENDA**

**Item** Report by

1. Minutes of the meeting held on 4 and 9 November 2015.

(Pages 5 - 18)

- 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.

Democratic Services · Chief Executive's Department · Leicestershire County Council · County Hall Glenfield · Leicestershire · LE3 8RA · Tel: 0116 232 3232 · Email: democracy@leics.gov.uk







- 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 2016/17 to Director of 2019/20 - Context Setting and Overall Corporate Position. Resources

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

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

A copy of the full MTFS Report and appendices considered by the Cabinet on 12 January is attached for Commission members only on **PINK** paper.

9. Medium Term Financial Strategy 2016/17 to Director of (Pages 19 - 40) 2019/20 - Corporate Resources and Corporate Corporate Items. Resources 10. Medium Term Financial Strategy 2016/17 to

2019/20 - Chief Executive's Department.

Director of Corporate Resources and **Chief Executive** 

(Pages 41 - 52)

11. Medium Term Financial Strategy 2016/17 to 2019/20 - 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:

- Children & Families Overview and Scrutiny Committee (meeting held: 18 January);
- Adults & Communities Overview and Scrutiny Committee (meeting held: 19 January):
- Health Overview and Scrutiny Committee (meeting held: 20 January):
- Environment & Transport Overview and Scrutiny Committee (meeting held: 21 January).

#### 12. Date of next meeting.

The next meeting of the Commission is scheduled to take place on 24 February at 2.00pm.

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

#### **QUESTIONING BY MEMBERS OF OVERVIEW AND SCRUTINY**

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

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

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

#### **Key Questions:**

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

#### If it is a new service:

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

#### If it is a reduction in an existing service:

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





Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Wednesday, 4 and Monday, 9 November 2015.

#### **PRESENT**

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

Mrs. R. Camamile CC
Mr. M. H. Charlesworth CC
Mrs. J. A. Dickinson CC
Dr. R. K. A. Feltham CC
Dr. S. Hill CC
Mrs. D. Jennings CC
Ms. Betty Newton CC
Mrs. C. M. Radford CC
Mr. R. Sharp CC
Mr. R. J. Shepherd CC

#### In attendance:

Mr. L. Yates CC, Local member for Glenfields (for Minute 44)

#### 37. Minutes.

The minutes of the meeting held on 30 September 2015 were taken as read, confirmed and signed.

#### 38. Question Time.

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

#### 39. Questions asked by members.

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

#### 40. <u>Urgent Items.</u>

There were no urgent items for consideration.

#### 41. Declarations of Interest.

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

The following members each declared a personal, non-prejudicial interest in respect of the item to consider the fire proposals s members of the Combined Fire Authority (Minute 44 refers):

Mr. M. H. Charlesworth CC Ms. M. E. Newton CC Mrs. C. M. Radford CC

#### Mr. R. J. Shepherd CC

Ms. M. E. Newton and Mrs. J. A. Dickinson CC each declared a personal, non-prejudicial interest in respect of the Annual Performance Report as they had relatives who were employees of the NHS. Mr. R. J. Shepherd declared a personal, non-prejudicial interest in respect of this item as a member of Charnwood Borough Council (Minute 45 refers).

#### 42. <u>Declarations of the Party Whip.</u>

There were no declarations of the party whip.

#### 43. Presentation of Petitions.

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

### 44. <u>Leicestershire Fire and Rescue Service Consultation: Integrated Risk Management Plan</u> 2016-2020.

The Commission considered the Leicestershire Fire and Rescue Service's (LFRS) Integrated Risk Management Plan (IRMP) 2016-2020. The matter was before the Commission today as a result of an extraordinary meeting of the County Council held on 8 October which had resolved that the Scrutiny Commission should consider the consultation proposals in the first instance with a view to submitting its comments to the Cabinet for consideration at its meeting on 18 November in order that a properly considered response could be debated at the full County Council meeting to be held on 2 December. It was noted that a detailed briefing on the consultation proposals and LFRS's budget position had been had been held for all members of the Council on 2 November.

The Chairman welcomed to the meeting the following representatives of LFRS who were in attendance to deliver a presentation to members and respond to any questions:

Richard Chandler, Chief Fire Officer Alison Greenhill, Combined Fire Authority Treasurer Steve Lunn, Deputy Chief Fire Officer

(A copy of the slides forming the presentations delivered by Messrs. Chandler and Lunn and by Ms. Greenhill is filed with these minutes.)

Arising from the presentations delivered, the following points were noted:

#### <u>Budget</u>

- The number of posts that had been "disestablished" as a means of avoiding compulsory redundancy was 101. A "six point" plan was in effect to avoid compulsory redundancy, which included options such as career breaks and secondment, however it was not possible to "force" firefighters down these routes. Compulsory redundancy of firefighters would in all probability result in local and national industrial action;
- 21 operational staff would be in a position to retire over the next 5 years. It had been forecast in the budget that firefighters would retire when eligible. Funding to cope with

this had been built into the budget accordingly;

- 7% capital financing in the County was not considered to be excessive, given the Service only received very small amounts of grant funding. The figure was higher for the City;
- The CFA aimed to build a contingency fund of £300k per year over the next four years as a result of the ongoing uncertainty of the budget position as set by the Government;
- The "Grey Book" was a term used for national conditions of service for firefighters, however LFRS worked outside the terms of the book for some of its services:
- LFRS had of the leanest upper management tiers of fire services in the country. 18 members of middle management staff had recently been removed. The Service had also employed a member of staff from the City Council as its Treasurer and were exploring with the County Council the possibility of legal and governance services being provided as a means of identifying further savings. Opportunities for further reductions were being explored on an ongoing basis, as well as more innovative solutions, such as possible mergers of some services with the Police Service and East Midlands Ambulance Service. Fire Investigation and Urban Search and Rescue Services were already shared with Leicestershire Police;

#### IRMP - General

- The modelling work on which the proposals had been formulated identified the level of risk in each "super output area" and included data around travel distances and the best routes to follow for incidents. The modelling data was published on the LFRS website;
- External audit of the Fire Service was undertaken in respect of finance and governance. The last peer review that had been conducted at Leicestershire was around four years ago. This was considered to be the average in terms of timescale;
- The consultation documents did not include the availability of cover from adjacent fire stations in neighbouring authorities.

#### <u>Tactical Response Vehicles (TRVs)</u>

- TRVs would respond to incidents and create a safe scene they would not be
  equipped to deal with a house fire and other incidents of this and larger scales. The
  vehicles would not be expected to resolve incidents in isolation and would be
  supported at large scale scenes by a fire engine. If fire engines were not available at
  Leicestershire stations, they would be brought in from neighbouring Fire Services
  though capacity was built in to ensure this was a last resort;
- The target response time of 10 minutes was based around the arrival of the first appliance to a scene (ie. either a fire engine or a TRV) in accordance with standard procedures. Every incident type had a predetermined attendance based around the response required (ie. the appliance and the expertise);
- Billesdon Station would be the only station in the County to be equipped with only a TRV. It was acknowledged that under the proposals a fire engine attending a scene

in this area was unlikely to meet the 10 minute response time. However, it was highlighted that Billesdon Station attended, on average, only two incidents per year where a fire engine was required and it was noted that it was not currently possible to meet this target in the Billesdon area with the equipment available;

 There were differing styles of TRV, with crews of between two and three firefighters, depending on the nature of the incident at which they were required.

The Chairman welcomed to the meeting the following members of the Fire Brigade Union (FBU):

Graham Vaux, Brigade Chair Adam Taylor, Health and Safety Spokesman Phil Coates, Executive Council Member for the Region

In introducing themselves, it was indicated that Mr. Vaux and Mr. Taylor were both professional firefighters with significant experience in the Fire Service. A copy of the submission from the FBU is filed with these minutes.

They made the following points:

- There would be a total reduction of 190 from the available 650 firefighters. It was felt that reductions to frontline services should be kept to a minimum and there were viable alternatives to these proposals which would not risk public safety;
- The removal of Kibworth and Central Stations would leave the public unsafe the closure of Central was highlighted as being particularly dangerous given it dealt with around 1500 calls per year and was the busiest station in the County. There was a lack of clarity around the equipment used to respond to high-rise incidents and where this would be stored were Central to be closed;
- 9 fire engines were to be removed under the proposals, leaving a total of 19 for the whole County;
- The introduction of TRVs was a concern as they were untried and untested in Leicestershire and with only a fraction of the equipment carried compared to that of a traditional fire engine. The vehicles were not capable of life saving operations, but were intended to be sent to most incidents;
- The City of Leicester would be expected to operate with only 3 fire engines and this
  was felt to be significantly less than other cities of similar size;
- Huge areas of the County would be left with little or no fire service coverage at all;
- Incidents of rescue operations were known to be on the increase;
- Though incidents as large scale as the Kegworth Air Disaster in 1989 were few, there
  were many significant incidents attended which required a level of response that
  would be unachievable were the proposals to be agreed;
- The FBU's suggested sale of Birstall Fire HQ would achieve savings of £11 million, which could be put towards achieving transformational ways of working and

collaborative initiatives:

Raising the council tax precept should also be considered as an alternative option.

Arising from the presentation, the following points of the FBU were noted:

- The FBU was actively assisting in supporting those in the disestablished 101 posts to take up alternative options, such as secondment. This had meant that over 30 members of staff had been encouraged down this route thus far. A further 20 were being encouraged to retire;
- The TRVs had less equipment than a fire engine and were primarily based around initial attendance at a scene or stabilising a vehicle at a road traffic collision. The FBU felt that a priority should be placed on life saving activities. There was a large discrepancy between how management and the FBU viewed the TRVs;
- The FBU was of the view that water rescues could increase in the future as a result
  of increased flooding and incidents of this type required a minimum crew of five. The
  TRVs were not capable of rescues of any type and would not be an adequate
  response in these circumstances;
- The FBU said that it had not been actively consulted on the proposals or been given an opportunity to discuss alternatives prior to going out to consultation.

The Chairman welcomed to the meeting Anthony Morgan, President of the Retained Firefighters Union (RFU). A copy of the submission from the RFU is filed with these minutes. Mr. Morgan did not wish to add to his submission.

Arising from questions, the following points made by Mr. Morgan were noted:

- Retained Firefighters were viewed as "easy targets" for the cuts as they were not viewed as being "operational" staff;
- There had been no consultation with the RFU in regard to the alternate proposals they had put forward as a means of identifying the required savings;
- The proposals did not include any information around station costs. The RFU had obtained information in this regard from LFRS via a freedom of information request;
- Retained firefighters were regarded as being "part-time" workers and so were
  provided with the same training opportunities as whole time staff, albeit provided
  over a longer period of time.

The Chairman welcomed to the meeting the following retired firefighters who had previously been employed at LFRS:

Ian Lockyer (previously Manager at Billesdon Station)
Chris Bilby (predominantly an operational staff member)
Paul Percival (previously a Group Manager)

A copy of the submission from the retired firefighters is filed with these minutes. It was noted that the retired firefighters had also submitted a separate paper to all elected members of the Council.

#### They made the following points:

- They had a current understanding of the working practices of LFRS and had experience of devising and implementing IMRPs;
- The current proposals had been developed by a small elite group exercising a narrow perspective;
- The consultation process had been severely flawed and had not adhered to the "Gunning Principles" or Government guidance on how to conduct a consultation process;
- The IRMP proposals were operationally unsound, based on simplistic modelling and were biased towards solutions designed to address fiscal constraints whilst at the same time disregarding risk;
- Evidence provided by LFRS had been misleading. The role of TRVs had been misrepresented;
- It was hoped that LFRS would have engaged all of the expertise in its management to produce a set of proposals that would improve operational capability, rather than diminish it.

Arising from questions, the following points made by the retired firefighters were noted:

- Billesdon Station would have a TRV available 24 hours a day. 75% of the time when the fire engine was currently available at the Station was at periods of high risk when there was a higher potential for road traffic collisions or house fires;
- The "Gunning Principles" aimed to ensure meaningful consultation and highlighted the importance of (i) formulating consultation at an "informative" stage, (ii) enabling informative consideration and response, (iii) adequate time being given to consideration and response and (iv) the findings being taken into consideration. It was felt that the 10 week period of consultation for proposals of this magnitude was inadequate;
- Some consultation events had been poorly attended. It was felt that this had indicated a lack of awareness and publicity for the consultation and the proposals that were being put forward. A suggestion was made that banners could have been erected at fire stations to raise awareness;
- It was suggested that, by having issued some guidance on operational procedures for the use of TRVs, LFRS had already taken a decision to implement their use;
- A decision on the proposals would be made by the CFA and not, as had been stated in the submission, a small number of senior officers;
- It was felt that running a referendum on a council tax precept increase should be explored as a means of retaining capacity;
- It was suggested that TRVs were a valuable resource but should not be treated as an alternative to traditional fire engines. It was felt that the right spread of tools

would need to be available to LFRS in order to carry out its role effectively;

 Whilst the Service had managed to meet demand with only six fire engines over the strike period, it was felt that this was due to a large scale campaign to make the public aware of the strikes and the likely limited service that would be available during this time.

The Chairman welcomed to the meeting Mr. L. Yates CC, the County Councillor for Glenfields, who had requested the opportunity to address the Commission on the proposals.

Mr. Yates CC made the following points having discussed the proposals with some operational staff at LFRS over the past weeks:

- The CFO had informed members at the briefing held on 2 November that if the
  proposals were agreed and proved not to be effective, he would have to go back to
  the CFA and gain their views on an alternative approach. This was not felt to be
  acceptable;
- LFRS had abused statistics and data to make their points;
- There was a sense of fear and intimidation and a lack of communication between senior officers and frontline staff:
- The expertise of dedicated staff would be lost should these proposals be agreed;
- The country was at a high risk of a terror attack and it was felt that this was a very unfortunate time to be making such severe cuts to the Service.

(Arising from the evidence that had been gathered it was felt that it would be beneficial to give the Chief Fire Officer the opportunity to respond to the points and claims made. It was therefore suggested by the Chairman and agreed by the Commission that it would adjourn and reconvene at a meeting on Monday 9 November at 10.00am to enable the Chief Fire Officer to respond to the points made and for some conclusions to be drawn by members from the session in order that these could be forward on to the Cabinet for its consideration.)

- The Scrutiny Commission reconvened at 10.00am on Monday 9 November -

The Chairman explained to members that the Commission had reconvened to enable it to:

- Hear from the CFO in regard to summing up its points and responding to any
  pertinent issues raised by those witnesses whose evidence had been taken at the
  meeting on 4 November; and
- Conclude its findings for forwarding on to the Cabinet.

The Commission considered a supplementary pack of information containing the following pieces of information requested by the Commission during the debate:

- Community Risk Modelling work undertaken by LFRS;
- Operational Fire Station costs 2014/15;

Retained availability as at August 2014.

(The latter two documents had been obtained by the RFU as a result of a Freedom of Information Request and this information had been verified by LFRS as being accurate.)

Arising from a further presentation from the Chief and Deputy Fire Officer, the following points were noted in response to those points raised previously by the FBU, the RFU and retired firefighters:

#### <u>FBU</u>

- TRVs would be used to respond to 80% of the calls received by the Service, which were mostly "low level" incidents. The number of large scale incidents was quite rare and TRVs would not be used as the "first attendants" in these circumstances;
- An image illustrating the equipment carried by a TRV used by LFRS on a trial basis was circulated to members (a copy of this illustration is filed with these minutes). It was considered to be adequately equipped to deal with all low-level incidents;
- Policies were in place for the use of TRVs as a result of a TRV that was on-loan and in use in Rutland on a trial basis. The exact specification of the vehicles that could be used in Leicestershire as a result of the proposals had not yet been established;
- The Service currently had 28 fire engines and would be moving down to 19, with an additional 3 TRVs, should the proposals be agreed. TRVs were not capable of lifesaving operations. It was for this reason that LFRS was retaining a fleet of traditional fire engines;
- By spreading resources more evenly across the County, it was envisaged that the Service would be able to keep to its "10 minute attendance time" performance measure;
- It was felt that speed of response by the Fire Service was only one of a number of factors that affected casualty rates;
- There would be 7 fire appliances to cover the City area rather than the 3 suggested by the FBU. 5 appliances would be used to respond to high-rise incidents, which would leave cover for other incidents were they required. Resources could also be called upon from other areas in the County and, where necessary, outside of the County. These arrangements were well established;
- The Service, as part of arrangements via the Fire and Rescue Service National Coordination Centre, could respond robustly to large-scale incidents on a national basis. Resources could be called on from across the whole of the United Kingdom, where necessary;
- Automatic fire alarm call-outs had been dramatically reduced over the past five
  years and work continued to improve performance further in this area. The Service
  did not intend to charge for false alarms, as in most cases these incidents occurred
  at public buildings such as hospitals. It was felt that this would therefore merely shift
  public money from one agency to another;

- The number of rescue operations that occurred in 2010/11 was 363, the figure for 2014/15 was 434. "Rescues" were categorised as being a number of different operations such as "assist other agencies", "affecting entry or exit" (ie. someone being locked out of their premises), "lift release" (being locked in a lift), and "removal of objects from a person". Some of these incidents would have previously required the attendance of a fire engine, however this was felt to be unnecessary and a good usage case for TRVs;
- 41 operational managers had been in place in 2010; this figure was now at 32. It
  was felt that it would not be possible to reduce this further at this stage. Support
  staff had been reduced from 148 to 97.
  RFU
- The role of a whole-time and a retained firefighter was the same, however whole-time staff were trained for 15 hours per week, whereas retained staff trained for 3 hours per week. Whilst stressing the need for an increased use of retained staff, the "Night Review" did not account for the difficulty of retaining and recruiting retained or "on-call" staff.

#### Retired Firefighters

- The Service was confident that the consultation had met the "Gunning Principles" and the "Consultation Principles Guidance" document available from the Government. No decision had pre-emptively been made before consulting. A number of staff engagement events had been held across the County attended by 709 members of the public. 2 further events had been scheduled on request;
- All Fire Stations were supplied with posters informing of the consultation and the local consultation event. A lengthy list of stakeholders, agencies and organisations had been written to informing of the consultation. LFRS offered to make this list available to members on request;

Arising from questions from members, the following points were noted:

- The Government had very recently announced that the Department for Communities and Local Government would face a budget cut of 30%. It was unknown to what extent this would affect local government at this stage, however it was expected that this would equate to an 8% year-on-year saving for LFRS, which, unless there was a level of protection for Fire budgets, was worse than that which had been forecast as part of the CFA's Medium Term Financial Strategy;
- Road casualties had recently increased in the County and this was mirrored across
  the country, though this was known now to be falling. Education would be key to
  ensuring this continued. Attendance at these incidents would usually require a
  traditional fire engine as well as another vehicle, dependent on the severity of
  incident;
- Paper copies of the previous IRMP consultation had been known to be filled out in advance by some interested groups. In an effort to avoid this, it had been intended to run to the consultation as an "online only" exercise. An equality impact assessment had highlighted that this would not be possible and in response, numbered paper copies were made available on request;

- The Fire Authority had spent £40k on last year's IRMP consultation and had taken the view that it would be imprudent to repeat this given the financial position the Authority faced. An independent company had been hired to conduct the process and this had cost in the region of £2k. If any groups had not received a copy of the consultation, the Chief Fire Officer offered to rectify this outside of the meeting;
- The 10 minute attendance time performance measure responded to the first attending appliance at a scene, including instances where this would be a TRV. It was highlighted that modelling work had shown that there were, on average, two incidents per year in Billesdon where a TRV would not be the first attending appliance;
- A number of other Fire Authorities were known to be using TRVs to a varying degree, such as: West Yorkshire, South Yorkshire, Staffordshire, West Midlands, Humberside, Tyne and Wear, Cumbria, Northumberland, Cornwall and Devon and Somerset. It was felt therefore that their use was now well established;
- There would be opportunities to reduce back office and support staff further and these changes would be considered by the CFA in due course. The Service was only required to consult publicly on "operational" changes to the Service;
- LFRS had reached a point at which compulsory redundancy would need to be explored in order to produce a balance budget. This would be a decision for the CFA;
- The Fire Service had approached Leicestershire Police regarding the possibility of sharing their control room. LFRS were also in discussions with other Fire Services regarding collaboration, however it was known that some services had priorities that were at odds with Leicester, Leicestershire and Rutland and that therefore, it would not always be possible to achieve savings via this route;
- The timing of equality impact assessments (EIA) for consultation was not set in stone, however it was known that EIAs were usually devised and fine-tuned throughout a consultation process. LFRS had drafted an EIA for the consultation process in advance.

The Chairman thanked the Chief Fire Officer, Deputy Chief Fire Officer and Combined Fire Authority Treasurer for their attendance at the Commission's meeting and the thorough way in which they had provided responses to members' questions.

The following motion was moved by Mr. Sharp CC and seconded by Mr. Charlesworth CC:-

"That the Cabinet be advised as follows:-

- 1. That the Commission finds that the scale of cuts outlined in the proposals present an unnecessary and unacceptable risk to the operational performance of the Combined Fire Authority and that this view is based on evidence that points to:
  - a) A lack of clarity or confidence in the CFA's ability to remove surplus staff that is contributing to over half of its projected deficit with no plausible plan in place to tackle this as a matter of urgency thereby inflating the problem and creating a

- real risk that further cost savings attributable to redundancies would not come to fruition;
- b) Opportunities that exist to explore alternative cost reduction proposals that might alleviate the need for the scale of cuts proposed, including but not limited to:
  - i) Greater use of retained firefighters;
  - ii) Extending the 'life' of existing vehicles;
  - iii) Greater collaborative working with local and regional emergency services;
  - iv) Various 'cheaper' staff proposals;
  - v) The sale or lease of the Birstall Headquarters and to decamp to Central Fire Station or another existing building;
  - vi) More appropriate use of Tactical Response Vehicles.
- c) Weaknesses and lack of openness in the modelling of response times which provides real concern at the Leicestershire Fire and Rescue Service's ability to respond in a timely manner with the weight of response required;
- d) The process of putting together the IRMP being very exclusive, relying heavily on senior officers and failing to draw on the wide experience within the LFRS;
- e) The consultation being too narrow in its content, having failed to properly contact key stakeholders within and immediately outside the area, being inadequately signposted to the public thereby restricting access to those with internet access and as such not being undertaken in accordance with the 'Gunning principles'.
- 2. The Commission therefore urges the Cabinet to:-
  - Oppose the proposals and seek an urgent review of alternative cost reduction options to reduce the scale of cuts required from frontline services and for this review to be more inclusive of officers within the CFA;
  - b) Seek from the CFA a clear plan for the early delivery of the resource reduction required to deliver the £1.3million overdue savings;
  - c) Request the CFA to carry out a full and transparent audit of its incident response times including the measurement of appropriate 'weight of response times';
  - d) Request the CFA to commission an "external audit" of future proposals;
  - e) Note that the lack of a scrutiny process within the CFA has impacted negatively on the quality of debate and to recommend that the CFA reviews its scrutiny process."

On the motion being put and before the vote was taken, five members rose asking that a named vote be recorded. The voting was recorded as follows:-

<u>For the motion</u>: Mr. Sharp CC, Mr. Charlesworth CC, Mr. Galton CC, Dr. Hill CC and Ms. Newton CC.

<u>Against the motion</u>: Mr. Shepherd CC, Dr. Feltham CC, Mrs. Camamile CC, Mrs. Dickinson CC, Mr. Jennings CC and Mrs. Radford CC.

#### The motion was put and not carried.

A further motion was put by Mr. Shepherd CC and seconded by Dr. Feltham CC:-

"That the Cabinet be advised as follows:-

- 1. That the Commission has noted the concerns expressed by the Fire Brigades Union, the Retained Firefighters Union, retired members of the Leicestershire Fire and Rescue Service and others about the potential impact of these proposals;
- 2. That the members of the Council and the Scrutiny Commission has received a detailed presentation from the Chief Fire Officer (CFO) and his colleagues on the consultation proposal and would wish to draw the following matters to the Cabinet:-
  - (i) That there are significant financial pressures on the Combined Fire Authority (CFA) and the consultation proposals should be seen in that context;
  - (ii) That the consultation proposals should be seen in the context of a 42% reduction in emergency incident rates in the last 10 years;
  - (iii) That the proposals now outlined by the CFO represent his and his management team's professional assessment of the best use of reduced resources to deal with risk;
  - (iv) That whilst the CFA previously disestablished 101 operational posts financial provision continues to be made for these posts in the absence of an agreement with the trade unions as to a way forward, a situation which cannot be allowed to continue;
  - (v) That the CFA is pressing ahead with proposals for reducing its costs by engaging in shared service agreements and exploring a range of uses by other organisations of office space at its Headquarters."

The motion was put and carried, 6 members voting for the motion and 5 against.

#### 45. Leicestershire County Council Annual Performance Report 2015.

The Commission considered a report of the Chief Executive concerning the County Council's Draft Annual Performance Report 2015. A copy of the report, marked "Agenda Item 2", is filed with these minutes.

The Chief Executive explained that the Annual Report was currently a draft and would be considered by the Cabinet at its meeting on 18 November, alongside the comments of the Commission, prior to consideration at the full County Council meeting scheduled for 2 December.

The Chief Executive reported that there were strong examples of delivery in the Annual Report across the priority themes. Some areas required a continued focus on delivery and improvement. It was noted that improvement plans were in place related to these.

There was some time lag in the data and therefore a higher risk that reductions in Government funding, such as the public health grant, would in future make it difficult to progress improvements. An inequitable approach in terms of Government funding also made it harder for the Council to maintain previous good comparative performance levels moving forwards. It was therefore important that the Council continued to press for fairer funding for the County and its services, including schools.

Arising from a discussion, the following points were noted:

- Members were informed that a review would be undertaken of the Council's Park and Ride Service to assess performance and whether it had impacted congestion levels. Further information would be provided to members in relation to this in due course;
- A report had been considered at the Environment and Transport Overview and Scrutiny Committee in September regarding a recent spike in road casualties. Early data for this year suggested that levels might now be reducing to previous levels;
  - The Better Care Fund was still in its infancy with regard to measurable impact, though a significant amount of activity was underway and a range of projects had been commissioned. This was already having a positive impact on reducing delayed transfers of care, reducing admissions to care homes, improving reablement and helping to reduce continued high levels of hospital admissions;
- Extra national funding had been expected to impact on improved mental health service delivery. However the new funding now identified had still to be translated into agreed improvement plans and delivery on the ground. Work was underway to progress this;
- Monitoring of feedback from carers was carried out in the most part via surveys. The number of key performance indicators for carers had now grown as a result of the implementation of the Care Act. Overall reported Adult Social Care performance showed a mixed picture, in part due to performance on a number of perception indicators from the Adult Social Care service users and carers' surveys. Work was underway to understand any issues that lay behind the perceptions and to progress improvements;
- The proposed Combined Authority, if approved, was considered to be the primary vehicle through which joint and more efficient way of working could take place with the City Council and district/borough councils regarding issues such as transport, planning, housing and skills;
- A number of the service changes and transformation projects, such as those related to library services, sought to mitigate the impact of Government funding cuts;

Members noted the generally positive position but questioned whether, given the importance of continuing to press the Government for fairer funding for the County, the report contained sufficient information on the risks to the continued delivery and performance of services as a result of continued funding cuts.

The Chief Executive highlighted that the report was not prepared for the purpose of lobbying Government but rather to allow the Council to take an informed view on whether the current approved priorities in the Council Strategic Plan were being delivered. It was

noted that the relevant guidance would be considered, alongside the Council's governance and reporting processes, to ensure that members were given a sufficiently sharp focus on the current and potential future impact of funding reductions.

#### **RESOLVED:**

- (a) That the comments of the Commission on the Annual Performance Report be forwarded to the Cabinet for consideration at its meeting on 18 November;
- (b) That the Environment and Transport Overview and Scrutiny Committee be asked to continue to monitor the number of those killed or seriously injured in road traffic accidents.
- 46. <u>2015/16 Medium Term Financial Strategy Monitoring (Period 6).</u>

#### RESOLVED:

That the item be deferred to the Commission's meeting in January.

47. Review of Earmarked Funds and Balances.

#### RESOLVED:

That the item be deferred to the Commission's meeting in January.

48. <u>Date of Next Meeting.</u>

It was NOTED that the next meeting of the Commission was scheduled to take place on 27 January 2016 at 2.00pm.

10.00 am - 1.30 pm 04 November 2015

10.00 am - 1.50 pm 09 November 2015

**CHAIRMAN** 



### **SCRUTINY COMMISSION - 27 JANUARY 2016**

# MEDIUM TERM FINANCIAL STRATEGY 2016/17 – 2019/20 CORPORATE RESOURCES & CORPORATE ITEMS

### REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

#### <u>Purpose</u>

- 1. The purpose of this report is to:
  - a) provide information on the proposed 2016/17 to 2019/20 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 2015. This has been the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2016/17 – 2019/20 was considered by the Cabinet on 12<sup>th</sup> January 2016.

#### **Background**

3. Reports such as this are being presented to the relevant Overview and Scrutiny Committees. The views of Overview and Scrutiny Committees will be reported to this meeting (as covered under item 11 on the agenda). The Cabinet will consider the results of the scrutiny process on 5 February 2016 before recommending an MTFS including a budget and capital programme for 2016/17 to the County Council on the 17 February 2016.

#### **Financial Strategy**

4. The MTFS is set out in the report to the meeting of the Cabinet on 12<sup>th</sup> January 2016, 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 Context**

5. Corporate Resources needs to deliver significant savings over the next 4 years, paradoxically whilst internal demands on support services increase (change and savings throughout the Council being demand drivers on support services).

- 6. A business strategy has been developed to underpin the delivery of these increasingly challenging savings, creating a streamlined, concentrated and coordinated support service function including the following key elements to deliver savings:
  - Customers working in partnership and joining up where possible to manage demand and reduce costs, simplifying and focusing on core business;
  - **Commercialism** being commercially astute in all our business dealings; generating additional sources of revenue from Traded Services;
  - Compliance ensuring robust accountability for public money (with high levels of transparency) and ensuring effective decision making using robust business intelligence;
  - Underpinned by Continuous Improvement throughout the department.
- 7. Transformation of support services continues with:
  - (a) A restructure of senior management recently undertaken and to be followed by a number of staffing restructures;
  - (b) A Council wide digital services agenda to increase self-service and maximise technology;
  - (c) A Commercial Services agenda to maximise income and operating profits from trading services to offset some of the reduced revenue grant funding provided by government.
- 8. External income from trading services is becoming a more critical factor as seen by the changes of funding for the Department. In 2010/11 74% of the Department's costs were funded by grants and Council Tax compared to 42% in 2016/17.

#### **Proposed Revenue Budget**

9. The table below summarises the proposed 2016/17 revenue budget and provisional budgets for the next three years. The proposed 2016/17 revenue budget is shown in detail in Appendix A.

	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000
Updated original budget	33,924	31,635	29,620	27,265
Budget Transfers and Adjustments	871	0	0	0
Sub Total	34,795	31,635	29,620	27,235
Add proposed growth (Appendix B)	865	-10	30	0
Less proposed savings (Appendix B)	-4,025	-2,005	-2,385	0
Proposed/Provisional budget (Appendix A)	31,635	29,620	27,265	27,265

10. Detailed budgets for 2016/17 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 2016/17 and the following three years based upon the triennial actuarial revaluation of the pension fund.

11. The proposed net budget for 2016/17 totals £31.6m and is set out below:

	£000
Employees	42,380
Running Costs	33,007
Internal Income	-17,842
Gross Costs	57,545
External Income	-25,910
Net Budget	31,635

#### **Other Changes and Transfers**

- 12. A number of budget transfers (net £0.9m) were affected through the 2015/16 financial year that are now adjusted for in the updated original budget:
  - (a) a transfer from the centrally held inflation contingency to cover the pay award and other unavoidable inflationary increases on external supplies, primarily utility costs, building maintenance expenditure and corporate contracts (£1.2m);
  - (b) a transfer of the Governor's Service (£65,000) to Children and Family Services (CFS) Department;
  - (c) £0.2m of Frameworki and Capita system maintenance costs transferred to CFS;
  - (d) £0.1m of Business Intelligence budget transferred to the Chief Executives department;
  - (e) £50,000 Commissioning support transferred in from CFS.
- 13. 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
- 14. This star rating is included in the descriptions set out for growth and savings below.

#### **Growth Items**

- 15. Details of proposed growth are set out in Appendix B and total a net increase of £0.9m. These are detailed in the following paragraphs.
- 16. \*\* G26 Revenue consequences of Corporate ICT capital programmes £175,000 in 2016/17 rising to £275,000 by 2018/19.

The draft capital programme includes provision for the replacement of ICT and telephony infrastructure and licences. This revenue growth relates to support and licensing costs of the upgraded and expanded infrastructure.

Also included is investment in Virtual Desk Infrastructure (VDI) licence costs. VDI is an investment within the County Hall Master Plan (CHMP) project enabling greater flexible and mobile working which generates accommodation space and rental income from partners.

- 17. G27 Strategic Property resources to manage and develop the Asset Investment Fund £300,000 ongoing growth with one off additional funding of £80,000 in 2016/17

  In total there is £30m of capital investments proposed in property assets within the Corporate Asset Investment Fund over the next 4 years and the Strategic Property function requires additional resource to initiate, plan, develop and maintain these substantial investments.
- 18. G28 Effective Commissioning £115,000 from 2016/17. Following a council wide diagnostic and work undertaken by the Effective Commissioning Enabler, the business requirement is to deliver an increase in MTFS savings through better commissioning and improved contract and supplier management.
- 19. G29 Corporate Records Management Service £60,000 from 2016/17. A recent project converted manual records held in various physical locations into a more accessible managed system. Additional resources are required to maintain and update records, particularly legal or social care records.
- 20. <u>G30 Human Resources and Management of Temporary Agency Contract £90,000 from 2016/17.</u>

Additional budget is required within the Human Resources (HR) section to fund two posts, one relating to an increase in HR workload (particularly higher risk HR enquiries) and the other to manage the temporary agency contract. The latter is an existing post that was previously funded from a rebate from the overall contract cost and held centrally, whereas the new contract is likely to be constructed differently resulting in no rebate for Corporate Resources but instead lower temporary / agency rates for all departments utilising this type of resource across the Council who should experience additional budget savings.

21. <u>G31 Local Government Pension Scheme (LGPS) following scheme changes -</u> £45,000from 2016/17.

Additional resource is required in the East Midlands Shared Services team to enable average pension payments to be calculated following previous National changes to the Local Government Pension Scheme (LGPS) and enhanced reporting arrangements.

#### **Corporate Resources Savings**

22. Details of proposed savings are set out in Appendix C and total £8.4m over 4 years. 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:
  - (a) More requirements for managers and staff, to embrace self-service;

- (b) There will be less capacity to support transformation. These requests will have to be met from one-off resources, primarily the transformation earmarked fund;
- (c) Departments may be less responsive to requests for support, with a need to prioritise;
- (d) Central support will be more standard in nature;
- (e) Greater financial dependency on traded services, i.e. as Corporate Resources shrinks and their relative financial contribution grows;
- (f) The County Council will need to consider new ways to mitigate against a potential increase in risks.
- 24. The specific saving proposals are detailed below.

# 25. \* CR1 Senior Management & Business Support - £140,000 in 2016/17 rising to £310,000 by 2018/19.

A review of the Senior Management in the Department has been undertaken resulting in a reduction of one Assistant Director and a reorganisation of accountabilities to meet the 2016/17 saving. A further £170k saving is targeted from 2018/19 which was expanded in the previous MTFS to reflect savings expected from a wider review of business support.

### 26. \*\* CR2 Review of Strategic Finance & Property - £370,000 in 2016/17 rising to £1m by 2018/19.

The main source of savings will be delivered through staffing reductions, across all of the main teams and levels of staff (£775,000). The majority of staff savings will come from Accounting, partially enabled by the implementation of new reporting tools and maximising financial self-service within Managers. The majority of 2016/17 savings will be achieved through non recruitment of vacancies held during the previous year. Future savings will require a wider review and staffing restructure with the likelihood of a reduction in financial resource to support lower risk budgets and some projects in the same responsive way as currently.

Further savings will be identified from a review of Internal Audit and in later years a review of Strategic Property.

# 27. \*\* CR3 Review of People, Procurement and Transformation; £610,000 in 2016/17 rising to £1.35m by 2018/19.

The main source of savings will be delivered through staffing reductions.

The Transformation Unit has recently undertaken a review and is significantly reducing the number of Business Analysts and other project resource (totalling £450,000), following a consolidation of all change related resource working across the Council and previously funded within departmental budgets.

Learning and Development (L&D) are contributing £130,000 of savings from a combination of staff savings realised after the implementation of the Learning Management System (LMS) and a reduction in lower priority L&D expenditure. £24,000 of savings are being achieved from a reduction in underutilised budgets within Emergency Management and Business Continuity.

Further savings are being identified to achieve the increasing savings targets for People, Procurement and Transformation in the later years of the MTFS.

- 28. \*\* CR4 Communications Unit Review £140,000 from 2016/17

  These savings will be achieved from staffing and vacancies which have been held in anticipation of the savings requirement.
- 29. \*\* CR5 Strategic Information Technology (SIT) £290,000 in 2016/17 rising to £670,000 by 2018/19

Following a fundamental review of SIT the majority of savings are expected to be staff reductions. 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.

30. \*\* CR6 Operational ICT Review - £705,000 in 2016/17 rising to £1.67m by 2018/19. The largest element of savings will be achieved through staff reductions (£850,000), 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 (£530,000). This will be found across a range of external contracts, through a mixture of renegotiation, system/equipment replacement and rationalisation of use.

Improvements in Operational ICT's trading activities are expected to make an increased contribution (£285,000) which will be achieved from a combination of new customers and reducing support costs.

- 31. \*\* CR7 Operational Property review; £570,000 in 2016/17 rising to £945,000 by 2019/20 Renegotiation of various facilities management and maintenance contracts are the main contributors towards property savings (including cleaning, grounds maintenance and property maintenance). Efficiencies will also be achieved from reduced waste and postage costs. Savings from site closures (£155k) relating to a range of service changes will deliver savings over the course of the MTFS however these savings are dependent upon the site being disposed of rather than usage simply reduces.
- 32. \*\* CR8 Operational Property Increased income from property rentals and trading property services £245k in 2016/17 rising to £685k in 2019/20

The majority of additional income 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 and other partners expected to be the main source of additional income.

33. \*\* CR9 Improvements to Properties and Assets; £505k in 2016/17 rising to £785k by 2018/19.

Savings are proposed from a more energy efficient property estate. 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.

34. Further savings relate to the County Hall Master plan project. This transformation project is investing and implementing 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 Saving**

- 35. \*\* C10 Efficiency savings from sharing services with Nottingham City Council £200k saving from in 2017/18. Since its launch the East Midlands Shared Service (EMSS) has delivered c£1.6m of efficiency savings of which the County Council's share is £0.8m. Whilst the intention remains that the remaining MTFS savings will be delivered, stabilisation of the service has taken longer than expected so savings were delayed until 2017/18. Savings plans have been identified and savings are expected from a combination of staff efficiencies, improved processes and increased income.
- 36. \* CR11 Vacancy management for supported employment £25k in 2016/17 rising to £50k 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.\* CR12 Country Parks & Forestry cessation of the free tree planting scheme; £45k from 2016/17

This saving relates to a cessation of the free tree scheme that was initially reduced in previous years by £35,000

37. \*\* CR13 Review of the Customer Service Centre and Online Team - £70,000 saving in 2016/17 rising to £200,000 in 2018/19

The initial £70,000 of savings in 2016/17 has been achieved through the re-alignment of roles to offset vacancies in the Online Services Team recently transferred from Strategic ICT.

Encouraging more online transactions through the Council wide Digital Services work stream and a planned end to end review of Customer Service Centre processes supported by the Transformation Unit will identify the required savings in later years.

38. \*\* CR14 Contingency & Corporate Projects; £180,000 reduction in 2016/17 changing to a £125,000 reduction by 2019/20.

The various savings proposals outlined in the paragraphs above have different degrees of risk associated with them. In previous year's, early and over delivery of savings enabled the Department to set a contingency to mitigate against under delivery or delayed savings (and used on smaller invest to save projects if not needed). The level of this budget has been reduced in line with relative confidence in each of the years.

- 39. \* CR15 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.
  - that is currently provided without charge. This support covers Leicestershire Villages and a number of partnership sites.

40. \*\* CR16 Traded Income from School Foods, Bursars and Catering - £60,000 in 2015/16 rising to £180,000 by 2018/19.

This savings line relates to income from Catering and the School Food and Bursar Services. School Food is the largest contributor of trading income and further expansion is sought through increased use-age and service points in existing schools and proactively pursuing new business in other schools.

This increased income is a conservative target set in the previous MTFS and actual increases are expected beyond this level to contribute to the £2m additional overall Commercial Traded Services target held separately.

#### **Corporate & Central Savings**

- 41. It is proposed to undertake some corporate transformational reviews to address the £19m gap in the MTFS. Once business cases have been developed savings will be confirmed and included in the MTFS. The reviews and targets that will involve Corporate Resources are:
  - Digital Council/Business Support £2m The digital council programme is
    potentially the largest and most complex of the emerging opportunities for further
    savings. It aims to reduce the 'cost to serve' by challenging the design of service
    delivery processes through increasing the use of technology and ensuring that
    services are fulfilled by staff using mobile / self-service process and new work
    styles;
  - Office, Commercial and Industrial Units £1m generating additional income from property investments;
  - Commercial Income £2m a business plan is being developed to significantly increase income generation.
- 42. <u>CI1 Financial Arrangements growth in ESPO Income £100,000 in 2016/17 rising to £400,000 by 2019/20</u>

ESPO dividends are forecast to increase by £0.1m per annum during the period of the MTFS. The forecast is based on the latest ESPO business plans which aim to increase the profitability of ESPO services.

#### **Other Funding**

43. Corporate Resources receives a significant amount of trading income from external sources, including retained schools. For 2016/17 this trading income is expected to be in excess of £22m. Schools and academies are the largest customer group accounting for 2/3<sup>rd</sup> of this income. Generating income from traded services is both a threat (as income could reduce due to cost pressures being faced by public sector partners and the academy conversion process has increased competition) and also an opportunity as other partners seek to outsource.

44. 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**

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

Project	2016/17 £000	2017/18 £000	2017/18 £000	2018/19 £000	Total £000
ICT Services	2,205	675	450	800	4,130
Industrial Properties & County Farms	425	300	300	300	1,325
Property replacement of aged / leased vehicles	100	0	0	0	100
Total	2,730	975	750	1,100	5,555

- 46. The ICT Services programme continues to invest in the ICT infrastructure needed to sustain Council activity going forward in a stable and efficiency manner as well as enabling the "digital council" agenda:
  - The on-going replacement, capacity growth and essential upgrading of ICT infrastructure across the corporate estate (total £2m over 4 years). The main items of expenditure over the MTFS period are expected to be; increased capacity and renewal of the Storage Area Network (SAN); upgrade and replacement of servers with a focus on improved resilience; telephony replacement and upgrades; applications testing and service desk management tool replacement.
  - There is also investment in the data and Business Intelligence Infrastructure of £250,000 over the next 2 years.
  - Replacement of the intranet costing £335,000. The current intranet has been in place since 2007/8 and now has a platform that is unsupported as well as users having difficulties navigating and searching for information. The replacement intranet will enable improved communications and improve productivity.
  - Expansion of the Virtual Desk Infrastructure (VDI) to non-County Hall sites enabling flexible and mobile working for staff and achievement of ICT efficiencies (£1.1m)

- Refresh of the corporate wide area network whose contract expires 2018/19
  (£450,000 from 2018/19 to 2019/20). This project is funded from the ICT Renewals
  earmarked fund, built up from annual contributions.
- 47. The Industrial Properties and County Farms scheme consists of:
  - County Farms investment (£100,000 per annum) for continued general upgrade of facilities at all sites in order to meet statutory and contractual requirements;
  - Industrial Properties investment (£200,000 per annum) will allow improvements to the existing estate resulting in improved occupancy levels and reduced maintenance costs. These schemes are funded by income earned through the portfolio of industrial properties. There is one off funding of £125,000 in 2016/17 for specific maintenance identified in 2015/16;
  - There is £100,000 allocated to replace aged and leased Property vehicles.

#### **Corporate Programme**

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

Project	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
Corporate Asset Investment Fund	9,315	17,500	2,280	1,000	30,095
Energy & Water Strategy	500	500	500	300	1,800
County Hall Maintenance	500	500	500		1,500
Countesthorpe Drive – reprovision of nursery facilities	500				500
Locality Office Accommodation	250	900			1,150
County Hall Master Plan	1,260				1,260
Total	12,325	19,400	3,280	1,300	36,305

- 49. The Corporate Asset Investment Fund has been established, with oversight from the 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.
- 50. It will have the incidental benefit of generating an income stream which will be available to offset service reductions.
- 51. Investments currently being funded through the Asset Invest Fund include:
  - Development of the Harborough Accelerator Zone (HAZ) into industrial and office workspace costing £7.9m in development costs over 2016/17 and 2017/18 and expected to create much needed grow-on space in Market Harborough; capital receipts for sale of surplus land; a capital asset and generate an ongoing rental

income stream. A joint bid with Harborough District Council for grant funding has been submitted;

- The Coalville Workspace project is a £7.8m investment starting in 2016/17 and due to be completed in 2018/19. This investment is subject to part funding from a Growth Deal 2 (GD2) grant bid of £3.7m;
- The Rural Workspace Project, investing £5.2m over the next 3 years, is also subject to grant funding with an expected Growth Deal 3 grant bid of £3.2m to contribute;
- Loughborough University Science Enterprise Park (LUSEP) is a partnership venture to invest in "grow-on" space costing £5.1m over the next 2 years and generating rental income;
- A further £1m in each of the next 4 years has also been included in the budget for investments that are a good fit for the portfolio and likely to materialise on a speculative basis;

Investment in each of these projects / schemes above is subject to an individual business case and scrutiny by the Asset Investment Fund Board.

- 52. There will be a re-provision of nursery facilities at Countesthorpe Drive which is estimated at this time as £500,000 but is subject to more rigorous feasibility and planning. A capital receipt is expected from this project.
- 53. An investment of £1.15m is required in locality office accommodation in Loughborough as the lease arrangements are up for renewal at Pennine House and the existing accommodation needs extensive remodelling, refurbishment and energy efficiency investment if the lease is to be renewed. Alternative accommodation is being considered which would also require investment to meet the locality needs.
- 54. The County Hall Master Plan (CHMP) project continues from previous years to create new ways of occupying the existing County Hall campus to reduce costs and bring in rental income from released space. The project so far has moved the Registrars service into the Anstey Frith building; there has been the creation of an out-of-hours working space and income of £400,000 per annum has been generated from leasing released space. The outstanding schemes within the project are to create a new data centre and implement Virtual Desk Infrastructure at County Hall to promote more flexible working to both create accommodation efficiencies and provide a more productive and balanced way of working for staff.
- 55. In addition to the CHMP there are key Maintenance projects (£500,000 per annum for the next 3 years) that have been identified as required at the County Hall site and 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.
- 56. 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. A review of the Council

Water Strategy is also planned to ensure an efficient use and infrastructure of this commodity. £1.8m over the next 4 years has been set aside and each investment will be assessed individually before progressing.

#### **Background Papers**

Cabinet - 12 January 2016 - Medium Term Financial Strategy 2016/17 to 2019/20

#### **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: <u>brian.roberts@leics.gov.uk</u>

Chris Tambini, Director of Finance, Corporate Resources Department

Tel: 0116 305 6199

E-mail: <a href="mailto:chris.tambini@leics.gov.uk">chris.tambini@leics.gov.uk</a>

Sara Smith, Finance Business Partner, Corporate Resources Department

Tel: 0116 305 7869

E-mail: sara.smith@leics.gov.uk

### **List of Appendices:**

Appendix A – Revenue Budget 2016/17

Appendix B – Growth 2016/17 – 2019/20

Appendix C - Savings 2016/17 - 2019/20

Appendix D – Capital Programme 2016/17 – 2019/20

#### **Equality and Human Rights Implications**

- 57. 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.
- 58. 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.

59. 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.

This page is intentionally left blank

### **CORPORATE RESOURCES DEPARTMENT**

### **REVENUE BUDGET 2016/17**

1,179   12,5   1,2   1,2   1,0   1	Budget 2015/16 £		Employees £	Running Expenses £	Internal Income £	Gross Spend £	External Income £	Net Total £
1,179,123   Strategic Property   1,084,999   514,178   158,500   1,404,677   -152,288   1,288,388   359,480   Internal Audit   596,894   13,750   -11,000   599,644   -237,450   362,194   1,470,776   Insurance   2,53,799   2,786,044   -1,281,703   1,788,140   -133,655   1,624,485   2,515,747,755   339,291   -183,302   2,530,744   -119,073   2,411,671   -133,655   1,624,485   -2,530,744   -119,073   2,411,671   -133,655   1,624,485   -2,253,747,55   -133,020   -2,530,744   -119,073   2,411,671   -133,032   -2,530,744   -119,073   2,411,671   -133,032   -2,530,744   -119,073   -2,411,671   -133,032   -2,530,744   -119,073   -2,411,671   -133,032   -1,300,00		STRATEGIC FINANCE & PROPERTY						
369,480   Internal Audit   596,894   13,750   -11,000   599,644   -237,450   362,194   1470,776   Insurance   253,799   2,786,044   -1281,703   1,758,140   -133,655   1624,485   2,515,274   Accounting   2,574,755   139,291   -183,302   2,530,744   -119,073   2,411,671	1.179.123		1.084.999	514.178	-158.500	1.440.677	-152.288	1.288.388
1470,776				·	·		· ·	· ·
Customer Services   Cust	•		•	•	·	•	·	•
CUSTOMER SERVICES & OPERATIONS  2,131,378 Customer Services 2,159,947 100,630 2,167,577 2,000 2,167,577 2,000 2,167,577 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,	· · ·		•		· · ·		·	· ·
CUSTOMER SERVICES & OPERATIONS  2,131,378 Customer Services 2,159,947 100,630 2,167,577 2,000 2,167,577 2,000 2,167,577 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,000 2,154,577 2,000 2,	5 524 653	TOTAL	4 510 446	3 453 263	-1 634 505	6 329 204	-642 466	5 686 739
Customer Services   2,159,947   100,630   -93,000   2,167,577   -13,000   2,154,577   -13,000   2,154,577   -13,000   2,154,577   -13,000   2,154,577   -13,000   2,154,577   -13,000   2,154,577   -13,000   2,154,577   -13,000   2,154,577   -13,000   2,154,577   -13,000   2,154,577   -13,000   2,154,577   -13,000   2,154,577   -13,000   2,154,577   -13,000   2,154,577   -13,000   -173,964   -	0,024,000	IOIAL	4,010,440	0,400,200	-1,004,000	0,020,204	-042,400	
2,131,378   Customer Services   2,159,947   100,630   -93,000   2,167,577   -13,000   2,154,577   -13,000   -173,654   -834,299   School Food Support & County Hall Catering Services   7,644,375   5,943,233   -4,615,900   8,971,708   -9,662,700   -890,992   -807,854   -834,299   School Food Support & County Hall Catering Services   7,644,375   5,943,233   -4,615,900   8,971,708   -9,662,700   -890,992   -807,854   -83,971,708   -9,662,700   -890,992   -807,854   -83,971,708   -9,662,700   -890,992   -807,854   -83,971,708   -9,662,700   -809,992   -807,854   -83,971,708   -9,662,700   -809,992   -807,854   -83,971,708   -9,662,700   -809,992   -807,854   -83,971,708   -9,662,700   -809,992   -807,854   -83,971,708   -9,662,700   -809,992   -807,854   -83,971,708   -9,662,700   -809,992   -807,854   -83,971,708   -8,662,910   -8,662,910   -8,662,910   -8,662,910   -8,662,910   -8,662,910   -8,662,910   -8,662,910   -1,72,918   -8,660   -8,662,910   -1,72,918   -1,		CUSTOMER SERVICES & OPERATIONS				0		•
-164,549 Central Print	2.131.378		2.159.947	100.630	-93.000	2.167.577	-13.000	-
School Food Support & County Hall Catering Services   7,644,375   5,943,233   4,615,900   8,971,708   -9,862,700   -890,992   Operational Property   Property Management & Business Support   573,641   30,980   0   604,621   0   604,621   309,715   Sites Development & Supported Employment   533,676   688,550   -650,000   372,126   -635,100   237,026   688,165   Facilities Management, Utilities, Rates & Maintenar   2,262,264   9,598,740   -3,242,611   8,618,993   -1,056,074   7,556,219   681,455   Travellers Sites & Services   194,679   44,445   -10,000   229,124   -172,518   56,606   550,304   Country Parks & Forestry   529,695   521,234   -178,000   872,929   -397,552   475,347   -99,985   Residential & Conference Services   757,000   622,020   -377,070   1,001,950   -1,138,410   -136,460   -1493,298   -1493,298   -149,079   -25,000   -1497,1224   -2,805,000   -1,235,809   -14,604,014   TOTAL   16,490,318   20,215,124   -9,384,444   27,320,998   -17,029,884   10,291,114   -136,460   -14,460				•	·		,	· ·
Coparational Property:   Coparational Property:   Coparational Property   Management & Business Support   573,641   30,980   0   604,621   0   604,621   309,715   Sites Development & Supported Employment   853,576   668,550   -650,000   872,126   -635,100   237,026   8,028,803   Facilities Management, Utilities, Rates & Maintenar   2,262,264   9,598,740   -3,242,611   8,618,393   -1,056,074   7,552,319   7,55	•		•	,	·	•		·
807,854 Property Management & Business Support 573,641 30,980 0 604,621 0 604,621 309,715 Sites Development & Supported Employment 853,756 668,550 -650,000 872,126 -635,100 237,026 8,028,803 Facilities Management, Utilities, Rates & Maintenar 2,262,264 9,598,740 -3,242,611 8,618,393 -1,056,074 7,562,319 68,145 Travellers Sites & Services 194,679 44,445 -10,000 229,124 -172,518 56,606 550,304 Country Parks & Forestry 529,695 521,234 -178,000 872,929 397,562 475,347 99,985 Residential & Conference Services 757,000 622,020 -377,070 1,001,950 -1,138,410 -136,460 -486,649 Industrial Properties and Farms 78,124 1,918,100 -25,000 1,971,224 -2,805,000 -833,776 1,493,298 Communications 1,109,387 324,285 -152,863 1,280,809 -45,000 1,235,809 -11,400,4014 TOTAL 16,490,318 20,215,124 -9,384,444 27,320,998 -17,029,884 10,291,114 PEOPLE, TRANSFORMATION & ICT 140,4014 Safety 576,671 80,992 0 657,663 -223,000 434,663 434,659 Health & Safety 576,671 80,992 0 657,663 -223,000 434,663 434,659 Health & Safety 576,671 80,992 0 657,663 -223,000 434,663 434,659 Health & Safety 576,671 Earning & Development 1,614,388 1,388,585 -325,976 2,676,997 -517,752 2,159,245 683,511 Procurement & Resilience 1,387,408 81,424 -350,370 1,118,462 -290,275 828,187 1,494,404 Transformation Unit 2,325,792 826,417 -2,060,000 1,092,209 -66,507 1,025,702 1,991,334 1,000 1,0	00.,_00		.,,	0,0 .0,=00	.,0.0,000	0,011,100	0,00=,.00	000,00=
309,715   Sites Development & Supported Employment   2,362,766   668,650   -650,000   872,126   -635,100   237,026   8,028,803   Facilities Management, Utilities, Rates & Maintenar   2,262,264   9,598,740   -3,242,611   8,618,393   -1,056,074   7,562,319   68,145   Travellers Sites & Services   194,679   44,445   -10,000   229,124   -172,518   56,606   550,304   Country Parks & Forestry   529,695   521,234   -178,000   872,929   -397,582   475,347   -9,985   Residential & Conference Services   757,000   622,020   -377,070   1,001,950   -1,138,410   -136,460   -1,493,298   Communications   1,109,387   324,285   -152,863   1,280,809   -45,000   1,235,8	807.854		573.641	30.980	0	604.621	0	604.621
Roz8,803   Facilities Management, Utilities, Rates & Maintenar   2,262,254   9,598,740   -3,242,611   8,618,393   -1,056,074   7,562,319   194,679   44,445   -10,000   229,124   -172,518   56,606   550,304   Country Parks & Forestry   529,695   521,234   -178,000   872,929   -397,582   475,347   -99,995   Residential & Conference Services   757,000   622,020   -377,070   1,001,950   -1,138,410   -136,460   -1,493,298   -1,493,299   -1,493,29			·	•	-650.000	•		·
68,145         Travellers Sites & Services         194,679         44,445         -10,000         229,124         -172,518         56,606           550,304         Country Parks & Forestry         529,695         521,334         -178,000         872,929         -397,582         475,347           -99,985         Residential & Conference Services         757,000         622,020         -377,070         1,001,950         -1,138,410         -136,460           -886,649         Industrial Properties and Farms         78,124         1,918,100         -25,000         1,971,224         -2,805,000         -833,776           1,493,298         Communications         1,109,387         324,285         -152,863         1,280,809         -45,000         1,235,809           11,604,014         TOTAL         16,490,318         20,215,124         -9,384,444         27,320,998         -17,029,884         10,291,114           PEOPLE, TRANSFORMATION & ICT         1         1,109,387         20,215,124         -9,384,444         27,320,998         -17,029,884         10,291,114           PEOPLE, TRANSFORMATION & ICT         1         1,109,387         20,215,124         -9,384,444         27,320,998         -17,029,884         10,291,114           781,476         Learni			•	·	•		· ·	•
September   Sept	· · ·	, ,			· ·			
Residential & Conference Services   757,000   622,020   -377,070   1,001,950   -1,138,410   -136,460   -866,649   Industrial Properties and Farms   78,124   1,918,100   -25,000   1,971,224   -2,805,000   -833,776   1,493,298   Communications   1,109,387   324,285   -152,863   1,280,809   -45,000   1,235,809   -45,000   1,235,809   -45,000   1,235,809   -45,000   1,235,809   -45,000   1,235,809   -45,000   1,235,809   -45,000   1,235,809   -45,000   1,235,809   -45,000   1,235,809   -45,000   1,235,809   -45,000   1,235,809   -45,000   1,235,809   -45,000   1,225,702   1,225,702			•	•	· ·	•	· ·	· ·
Total   Frankformation   Frankformatio	·		·		·	•	· ·	·
1,493,298   Communications   1,109,387   324,285   -152,863   1,280,809   -45,000   1,235,809	·		•		·			· ·
PEOPLE, TRANSFORMATION & ICT           781,476         Human Resources         1,822,532         71,300         -288,197         1,605,635         -666,954         938,681           434,659         Health & Safety         576,671         80,992         0         657,663         -223,000         434,663           2,419,076         Learning & Development         1,614,388         1,388,585         -325,976         2,676,997         -517,752         2,159,245           683,511         Procurement & Resilience         1,387,408         81,424         -350,370         1,118,462         -290,275         828,187           1,418,468         Transformation Unit         2,325,792         826,417         -2,060,000         1,092,209         -6,507         1,025,702           1,954,016         Strategic ICT         1,687,125         219,429         -354,660         1,551,894         -34,930         1,516,964           7,099,138         Operational IT         5,367,980         3,294,514         -2,209,429         6,453,065         -68,488         6,384,577           14,790,344         TOTAL         14,781,896         5,962,661         -5,588,632         15,155,925         -1,867,906         13,288,020           810,232         MANAGEMENT & SUPPORT	•	·	·		·			·
PEOPLE, TRANSFORMATION & ICT           781,476         Human Resources         1,822,532         71,300         -288,197         1,605,635         -666,954         938,681           434,659         Health & Safety         576,671         80,992         0         657,663         -223,000         434,663           2,419,076         Learning & Development         1,614,388         1,388,585         -325,976         2,676,997         -517,752         2,159,245           683,511         Procurement & Resilience         1,387,408         81,424         -350,370         1,118,462         -290,275         828,187           1,418,468         Transformation Unit         2,325,792         826,417         -2,060,000         1,092,209         -6,507         1,025,702           1,954,016         Strategic ICT         1,687,125         219,429         -354,660         1,551,894         -34,930         1,516,964           7,099,138         Operational IT         5,367,980         3,294,514         -2,209,429         6,453,065         -68,488         6,384,577           14,790,344         TOTAL         14,781,896         5,962,661         -5,588,632         15,155,925         -1,867,906         13,288,020           810,232         MANAGEMENT & SUPPORT	44 604 044	TOTAL	40 400 240	00 045 404	0.204.444	07 200 000	47 000 004	40 004 444
781,476         Human Resources         1,822,532         71,300         -288,197         1,605,635         -666,954         938,681           434,659         Health & Safety         576,671         80,992         0         657,663         -223,000         434,663           2,419,076         Learning & Development         1,614,388         1,388,585         -325,976         2,676,997         -517,752         2,159,245           683,511         Procurement & Resilience         1,387,408         81,424         -350,370         1,118,462         -290,275         828,187           1,418,468         Transformation Unit         2,325,792         826,417         -2,060,000         1,092,209         -66,507         1,025,702           1,954,016         Strategic ICT         1,687,125         219,429         -354,660         1,551,894         -34,930         1,516,964           7,099,138         Operational IT         5,367,980         3,294,514         -2,209,429         6,453,065         -68,488         6,384,577           14,790,344         TOTAL         14,781,896         5,962,661         -5,588,632         15,155,925         -1,867,906         13,288,020           810,232         MANAGEMENT & SUPPORT         661,696         35,290         -36,190	11,604,014	TOTAL	16,490,318	20,215,124	-9,384,444	27,320,998	-17,029,884	10,291,114
781,476         Human Resources         1,822,532         71,300         -288,197         1,605,635         -666,954         938,681           434,659         Health & Safety         576,671         80,992         0         657,663         -223,000         434,663           2,419,076         Learning & Development         1,614,388         1,388,585         -325,976         2,676,997         -517,752         2,159,245           683,511         Procurement & Resilience         1,387,408         81,424         -350,370         1,118,462         -290,275         828,187           1,418,468         Transformation Unit         2,325,792         826,417         -2,060,000         1,092,209         -66,507         1,025,702           1,954,016         Strategic ICT         1,687,125         219,429         -354,660         1,551,894         -34,930         1,516,964           7,099,138         Operational IT         5,367,980         3,294,514         -2,209,429         6,453,065         -68,488         6,384,577           14,790,344         TOTAL         14,781,896         5,962,661         -5,588,632         15,155,925         -1,867,906         13,288,020           810,232         MANAGEMENT & SUPPORT         661,696         35,290         -36,190		PEOPLE TRANSFORMATION & ICT						
434,659         Health & Safety         576,671         80,992         0         657,663         -223,000         434,663           2,419,076         Learning & Development         1,614,388         1,388,585         -325,976         2,676,997         -517,752         2,159,245           683,511         Procurement & Resilience         1,387,408         81,424         -350,370         1,118,462         -290,275         828,187           1,418,468         Transformation Unit         2,325,792         826,417         -2,060,000         1,092,209         -66,507         1,025,702           1,954,016         Strategic ICT         1,687,125         219,429         -354,660         1,551,894         -34,930         1,516,964           7,099,138         Operational IT         5,367,980         3,294,514         -2,209,429         6,453,065         -68,488         6,384,577           14,790,344         TOTAL         14,781,896         5,962,661         -5,588,632         15,155,925         -1,867,906         13,288,020           810,232         MANAGEMENT & SUPPORT         661,696         35,290         -36,190         660,796         -1,900         658,896           1,454,101         EAST MIDLANDS SHARED SERVICES         3,980,151         2,260,541         -417,	781 476	· · · · · · · · · · · · · · · · · · ·	1 822 532	71 300	-288 197	1 605 635	-666 954	938 681
2,419,076 683,511         Learning & Development Procurement & Resilience         1,614,388 1,387,408         1,388,585 81,424         -325,976 -350,370         2,676,997 1,118,462         -517,752 -290,275         2,159,245 828,187           1,418,468         Transformation Unit         2,325,792         826,417         -2,060,000         1,092,209         -66,507         1,025,702           1,954,016         Strategic ICT         1,687,125         219,429         -354,660         1,551,894         -34,930         1,516,964           7,099,138         Operational IT         5,367,980         3,294,514         -2,209,429         6,453,065         -68,488         6,384,577           14,790,344         TOTAL         14,781,896         5,962,661         -5,588,632         15,155,925         -1,867,906         13,288,020           810,232         MANAGEMENT & SUPPORT         661,696         35,290         -36,190         660,796         -1,900         658,896           1,454,101         EAST MIDLANDS SHARED SERVICES         3,980,151         2,260,541         -417,962         5,822,730         -4,437,451         1,385,279           611,740         Corporate Projects         0         324,952         0         324,952         0         324,952           0         Centre of Excellence <td>•</td> <td></td> <td></td> <td>•</td> <td>•</td> <td></td> <td>·</td> <td>•</td>	•			•	•		·	•
683,511         Procurement & Resilience         1,387,408         81,424         -350,370         1,118,462         -290,275         828,187           1,418,468         Transformation Unit         2,325,792         826,417         -2,060,000         1,092,209         -66,507         1,025,702           1,954,016         Strategic ICT         1,687,125         219,429         -354,660         1,551,894         -34,930         1,516,964           7,099,138         Operational IT         5,367,980         3,294,514         -2,209,429         6,453,065         -68,488         6,384,577           14,790,344         TOTAL         14,781,896         5,962,661         -5,588,632         15,155,925         -1,867,906         13,288,020           810,232         MANAGEMENT & SUPPORT         661,696         35,290         -36,190         660,796         -1,900         658,896           1,454,101         EAST MIDLANDS SHARED SERVICES         3,980,151         2,260,541         -417,962         5,822,730         -4,437,451         1,385,279           611,740         Corporate Projects         0         324,952         0         324,952         0         324,952         0         324,952         0         324,952         0         -780,000         -1,050,000		· · · · · · · · · · · · · · · · · · ·	,	•		•	· ·	•
1,418,468 Transformation Unit 1,954,016 Strategic ICT         2,325,792 826,417 -2,060,000 1,092,209 -66,507 1,025,702 1,954,016 Strategic ICT         1,687,125 219,429 -354,660 1,551,894 -34,930 1,516,964 -34,993 1,516,964 -34,993 1,516,964 -34,993 1,516,964 -34,993 1,516,964 -2,209,429 6,453,065 -68,488 6,384,577 -34,790,344 TOTAL         5,367,980 3,294,514 -2,209,429 6,453,065 -68,488 6,384,577 -3,588,632 15,155,925 -1,867,906 13,288,020 -36,190 660,796 -1,900 658,896 -3,962,661 -5,588,632 15,155,925 -1,867,906 13,288,020 -36,190 660,796 -1,900 658,896 -3,980,151 2,260,541 -417,962 5,822,730 -4,437,451 1,385,279 -4,437,451 -3,852,79 -3,852,730 -4,437,451 -3,852,79 -3,852,730 -3,852,730 -4,437,451 -3,852,79 -3,852,730	· · ·				•			· ·
1,954,016         Strategic ICT         1,687,125         219,429         -354,660         1,551,894         -34,930         1,516,964           7,099,138         Operational IT         5,367,980         3,294,514         -2,209,429         6,453,065         -68,488         6,384,577           14,790,344         TOTAL         14,781,896         5,962,661         -5,588,632         15,155,925         -1,867,906         13,288,020           810,232         MANAGEMENT & SUPPORT         661,696         35,290         -36,190         660,796         -1,900         658,896           1,454,101         EAST MIDLANDS SHARED SERVICES         3,980,151         2,260,541         -417,962         5,822,730         -4,437,451         1,385,279           611,740         Corporate Projects         0         324,952         0         324,952         0         324,952         0         324,952         0         324,952         0         324,952         0         0         -1,050,000         -1,050,000         0         0         -880,550         0         0         880,550         -880,550         0         0         -880,550         0         0         -880,550         0         0         -880,550         0         0         -880,550	•			·	•		· ·	•
7,099,138         Operational IT         5,367,980         3,294,514         -2,209,429         6,453,065         -68,488         6,384,577           14,790,344         TOTAL         14,781,896         5,962,661         -5,588,632         15,155,925         -1,867,906         13,288,020           810,232         MANAGEMENT & SUPPORT         661,696         35,290         -36,190         660,796         -1,900         658,896           1,454,101         EAST MIDLANDS SHARED SERVICES         3,980,151         2,260,541         -417,962         5,822,730         -4,437,451         1,385,279           611,740         Corporate Projects         0         324,952         0         324,952         0         324,952         0         324,952         0         324,952         0         -1,050,000         -1,050,000         0         0         0         880,550         -880,550         0         0         -880,550         0         0         -880,550         0         0         -880,550         0         0         -880,550         0         -880,550         -880,550         0         -880,550         -880,550         0         -880,550         -880,550         -880,550         -880,550         -880,550         -880,550         -880,550 <td< td=""><td></td><td></td><td></td><td>·</td><td></td><td></td><td>·</td><td>· ·</td></td<>				·			·	· ·
14,790,344         TOTAL         14,781,896         5,962,661         -5,588,632         15,155,925         -1,867,906         13,288,020           810,232         MANAGEMENT & SUPPORT         661,696         35,290         -36,190         660,796         -1,900         658,896           1,454,101         EAST MIDLANDS SHARED SERVICES         3,980,151         2,260,541         -417,962         5,822,730         -4,437,451         1,385,279           611,740         Corporate Projects         0         324,952         0         324,952         0         324,952           0         Centre of Excellence         1,074,565         755,435         -780,000         1,050,000         -1,050,000         0           0         Pensions         880,550         0         0         880,550         -880,550         0	· · ·			·	•		•	· ·
810,232 MANAGEMENT & SUPPORT 661,696 35,290 -36,190 660,796 -1,900 658,896  1,454,101 EAST MIDLANDS SHARED SERVICES 3,980,151 2,260,541 -417,962 5,822,730 -4,437,451 1,385,279  611,740 Corporate Projects 0 324,952 0 324,952 0 324,952 0 Centre of Excellence 1,074,565 755,435 -780,000 1,050,000 -1,050,000 0 0 Pensions 880,550 0 0 880,550 -880,550 0		•					·	
1,454,101       EAST MIDLANDS SHARED SERVICES       3,980,151       2,260,541       -417,962       5,822,730       -4,437,451       1,385,279         611,740       Corporate Projects       0       324,952       0       324,952       0       324,952         0       Centre of Excellence       1,074,565       755,435       -780,000       1,050,000       -1,050,000       0         0       Pensions       880,550       0       0       880,550       -880,550       0			,,			10,100,020	1,001,000	10,200,020
1,454,101       EAST MIDLANDS SHARED SERVICES       3,980,151       2,260,541       -417,962       5,822,730       -4,437,451       1,385,279         611,740       Corporate Projects       0       324,952       0       324,952       0       324,952         0       Centre of Excellence       1,074,565       755,435       -780,000       1,050,000       -1,050,000       0         0       Pensions       880,550       0       0       880,550       -880,550       0	810 232	MANAGEMENT & SUPPORT	661 696	35 290	-36 190	660 796	-1 900	658 896
611,740         Corporate Projects         0         324,952         0         324,952         0         324,952           0         Centre of Excellence         1,074,565         755,435         -780,000         1,050,000         -1,050,000         0           0         Pensions         880,550         0         0         880,550         -880,550         0	010,202	III III III III II II II II II II II II	001,000	00,200	00,100	000,100	1,000	000,000
0 Centre of Excellence       1,074,565       755,435       -780,000       1,050,000       -1,050,000       0         0 Pensions       880,550       0       0       880,550       -880,550       0	1,454,101	EAST MIDLANDS SHARED SERVICES	3,980,151	2,260,541	-417,962	5,822,730	-4,437,451	1,385,279
0 Centre of Excellence       1,074,565       755,435       -780,000       1,050,000       -1,050,000       0         0 Pensions       880,550       0       0       880,550       -880,550       0	611,740	Corporate Projects	0	324,952	0	324,952	0	324,952
0 Pensions         880,550         0         880,550         -880,550         0				·		•		
34,795,082 TOTAL CORPORATE RESOURCES 42,379,623 33,007,266 -17,841,733 57,545,156 -25,910,156 31,635,000	0			·	•			
34,795,082 TOTAL CORPORATE RESOURCES 42,379,623 33,007,266 -17,841,733 57,545,156 -25,910,156 31,635,000								
	34,795,082	TOTAL CORPORATE RESOURCES	42,379,623	33,007,266	-17,841,733	57,545,156	-25,910,156	31,635,000

This page is intentionally left blank

#### APPENDIX B

Refe	erence		2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
		<u>GROWTH</u>				
		CORPORATE RESOURCES				
		Demand & cost increases				
**	G26	Revenue consequences of Corporate ICT capital programmes	175	245	275	275
	G27	Strategic Property resources to manage and develop the Asset Investment Fund	380	300	300	300
	G28	Effective Commissioning	115	115	115	115
	G29	Corporate Records Management Service	60	60	60	60
	G30	Human Resources to manage risks and temporary resourcing contract	90	90	90	90
	G31	Local Government Pension Scheme (LGPS) following scheme changes	45	45	45	45
		Total	865	855	885	885

<sup>\*</sup> items unchanged from previous Medium Term Financial Strategy
\*\* items included in the previous Medium Term Financial Strategy which have been amended

This page is intentionally left blank

**APPENDIX C** 

Reference Eff/SR/ 2016/17 2017/18 2018/19 2019/20 £000 Income £000 £000 £000

#### **SAVINGS**

#### References used in the following tables

- \* items unchanged from previous Medium Term Financial Strategy

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

		ncy savir	the previous Medium Term Financial Strategy which have been amended				
		e reduct	ion				
Inc	- Incom	е					
			CORPORATE RESOURCES				
			Transformation				
	CR1	Eff	Senior management & Business Support	-140	-140	-310	-310
	CR2	Eff	Review of Strategic Finance & Property	-370	-540	-1,000	-1,000
**	CR3	Eff	People, Procurement and Transformation Reviews	-610	-1,045	-1,345	-1,345
**	CR4	Eff	Communications Unit Review	-140	-140	-140	-140
**	CR5	Eff	Strategic Information Technology Review	-290	-630	-670	-670
**	CR6	Eff/Inc	Operational ICT Review (reduced contracts, staffing and increased				
			income)	-705	-900	-1,665	-1,665
**	CR7	Eff	Operational Property Review (reduced maintenance, contracts and		~		
	000		staffing)	-570	-815	-940	-945
**	CR8	Inc	Operational Property - Increased income from property rentals and	-245	-405	-680	-685
**	CR9	Eff/Inc	trading property services Improvements to properties and assets (Energy & Accomodation	-245	-405	-000	-005
	ONS	LII/IIIC	projects)	-505	-675	-785	-785
			Total	-3,575	-5,290	-7,535	-7,545
			-	0,010	0,200	1,000	7,010
			<u>Departmental</u>				
**	CR10	Eff	Efficiency savings from sharing services with Nottingham City Council	0	-200	-200	-200
*	CR11	Eff	Vacancy management for supported employment	-25	-50	-50	-50
*	CR12	SR	Country Parks and Forestry - Cessation of the free tree planting scheme	-45	-45	-45	-45
**	CR13	Eff	Customer Service Centre & Online Team Review	-70	-70	-200	-200
	CR14	Eff	Reduced contingency and corporate projects	-180	-180	-135	-125
*	CR15	SR	End support for community ICT	-70	-70	-70	-70
**	CR16	Inc	Traded Income from School Foods, Bursars and Catering	-60	-125	-180	-180
			Total	-450	-740	-880	-870
			TOTAL _	-4,025	-6,030	-8,415	-8,415
			- <del></del>	.,020	-,500	-,	5,110

This page is intentionally left blank

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
ICT:					
ICT: WAN Renewal	0	0	50	400	450
Corporate ICT Capital Programme	665	550			2,015
Data and BI Technology Infrastructure	125	125			250
Intranet Replacement	335				335
VDI Expansion to non County Hall sites	1,080				1,080
Sub total ICT	2,205	675	450	800	4,130
Strategic Property					
County Farms Estate - General Improvements	100	100	100	100	400
Industrial Properties Estate - General Improvements	200	200	200	200	800
Industrial Properties - Maintenance Improvement	125				125
Property replace aged/leased vehicles	100				100
Sub total Strategic Property	525	300	300	300	1,425
Total Corporate Resources	2,730	975	750	1,100	5,555

## CORPORATE PROGRAMME CAPITAL PROGRAMME 2016/17 to 2019/20 - Draft

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
CORPORATE PROGRAMME					
Corporate Asset Investment Fund Harborough Accelerator Zone Coalville Workspace Project - subject to GD2 grant bid £3.7m Loughborough University Science Enterprise Park (LUSEP) Rural Workspace Project - subject to GD3 grant bid £3.24m Asset Acquisitions Future Investments County Hall Maintenance - major works on end of life replacements Countesthorpe, The Drive - Re-provision of nursery facilities at alternative location Charnwood Locality Office Accommodation (Pennine House, Loughborough) County Hall Master Plan - (Anstey Frith House) Registrars, Out of Hours Office and flexible working technology	3,960 3,075 330 950 1,000 500 500 250 1,260	4,530 4,810 3,220 1,000 500	210 1,070 1,000 500	1,000	7,900 7,815 5,140 5,240 4,000 1,500 500 1,150 1,260
Energy Strategy Energy Strategy - Invest to Save Projects	500	500	500	300	1,800
Total Corporate Programme	12,325	19,400	3,280	1,300	36,305



### **SCRUTINY COMMISSION - 27 JANUARY 2016**

## MEDIUM TERM FINANCIAL STRATEGY 2016/17 – 2019/20 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 2016/17 to 2019/20 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 2015. This has been the subject of a comprehensive review and revision following announcements made in the Spending Review/Autumn Statement 2015 and the provisional Local Government Settlement. The draft MTFS for 2016/17 – 2019/20 was considered by the Cabinet on 12 January 2016.

#### **Background**

3. Reports such as this are being presented to the relevant Overview and Scrutiny Committees. The views of Overview and Scrutiny Committees will be reported to this meeting (as covered under item 11 on the agenda). The Cabinet will consider the results of the scrutiny process on 5 February 2016 before recommending an MTFS including a budget and capital programme for 2016/17 to the County Council on the 17 February 2016.

#### Financial Strategy

4. The MTFS is set out in the report to the meeting of the Cabinet on 12 January, 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 12 January 2016, the County Council needs to address significant financial challenges linked to the Government's latest Spending review and Autumn Statement.

- 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. The Department also leads the Council's work to support economic growth, working closely with the Leicester & Leicestershire Economic Partnership (LLEP) and other partners to secure and deploy funding. 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 were applied in carrying out further service reviews.
- 7. Work with potential partners was being undertaken for shared services for Trading Standards and Coronial Services. During the course of these reviews both were found to not be viable. The Trading Standards shared services will not be further pursued at this time; Coronial Services have begun alternative work. The achievement of related savings in the current MTFS for Trading Standards (£0.2m) and Coronial Services (£0.1m) as a result of these changes is challenging. Alternative savings have been identified in the draft MTFS 2016/17 2019/20 and detailed in this report.
- 8. The Department continues to lead on work to establish a combined authority for Leicester and Leicestershire working jointly with the City Council and District Councils and the LLEP. The combined authority would guide decisions on transport, planning, skills and other key issues affecting the area. The Government are considering proposals that were submitted in December 2015.

## **Proposed Revenue Budget**

9. The table below summarises the proposed 2016/17 revenue budget and provisional budgets for the next three years. The proposed 2016/17 revenue budget is shown in detail in Appendix A.

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Updated original budget	9,873	9,676	9,231	8,686
Budget Transfers and Adjustments	453	0	0	0
Sub Total	10,326	9,676	9,231	8,686
Add proposed growth (Appendix B)	400	-120	100	0
Less proposed savings (Appendix B)	-1,050	-325	-645	0
Proposed/Provisional budget (Appendix A)	9,676	9,231	8,686	8,686

- 10. Detailed budgets for 2016/17 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.
- 11. The central contingency also includes provision for an increase in the employers' contribution to the Local Government Pension Scheme in 2016/17 and the following three years based upon the triennial actuarial revaluation of the pension fund.

12. The proposed net budget for 2016/17 totals £9.7m is set out below:

	£000
Employees	9,699
Running Costs	4,879
Internal Income	-2,041
Gross Budget	12,537
External Income	-2,861
Net Budget	9,676

- 13. 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
- 14. This star rating is included in the descriptions set out for growth and savings below.

#### Growth

- 15. Details of proposed growth are set out in Appendix B a total of £0.4m over the next four years. These are detailed in the following paragraphs.
- 16. \* G19 Signposting and Community Support Service; £100,000 in 2018/19
  In 2015/16 the funding received for Local Welfare Provision (LWP) grant was discontinued. This funding was used to support some of the most vulnerable residents in Leicestershire. From 2015/16 the replacement Signposting and Community Support Service was initiated. The replacement service aims to ensure that despite the removal of direct awards, this group of residents will still be supported to access assistance. The majority of the growth will be used to fund increased advice and information services at the Council to direct service users to other agencies' provision. For 2015/16 to 2018/19 the service will be funded using underspend in previous years from the now discontinued LWP grant.
- 17. G20 Legal Services Growth-increased Family Justice, Court of Protection and School Appeal Casework; £140,000 in 2016/17

Additional funding required to provide increased capacity to meet rising casework relating to family justice reform, court of protection cases and school appeals. Also includes an element for specialist resource to increase the Council's debt collection levels.

18. G21 Business Intelligence Service; £85,000 in 2016/17

Through the review of Business Intelligence it became apparent that the delivery of effective business intelligence to support transformation and effective commissioning required dedicated senior leadership. This has led to the creation of the Head of Business Intelligence post which will be funded with this growth.

19. <u>G22 Business Intelligence Service (One Off Growth)</u>; £120,000 in 2016/17 only One-off growth required to purchase 500 licenses for software to allow managers within the Council to access self-service analysis on their desktop. This will support the

delivery of the Data and Business Intelligence Strategy; improve the quality and timeliness of strategic and operational data available to managers. This investment should assist in delivering savings.

20. G23 Strategic Planning Service Growth: £55,000 in 2016/17

Funding required to ensure that the Council can contribute effectively to the development of a long term Strategic Growth Plan, for Leicester and Leicestershire, which will set a context for Local Plans and future economic and infrastructure investment. This is being delivered through a dedicated County Council post and a contribution to a partnership funded post based at North West Leicestershire District Council.

#### **Savings**

21. Details of proposed savings are set out in Appendix B and total £2.0m. These are detailed in the following paragraphs.

#### **Transformation Savings**

22. \* CE1 Funding and support to agencies; £150,000 in 2016/17 rising to £170,000 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. The future reductions relate to funding for Voluntary Action LeicesterShire (£150,000) and the remaining £20,000 from reduced funding for partnership support.

#### **Departmental Savings**

23. \*\* CE2 Review of Management Structure/Vacancy Control; £50,000 in 2016/17 rising to £70,000 in 2017/18.

A review of management structures across the Department will deliver the majority of this saving (£50,000) and the remaining saving will be found from vacancy control (£20,000).

24. \*\* CE3 Democratic Services, Administration and Civic support review; £50,000 in 2016/17 rising to £170,000 by 2018/19.

This will be achieved by reductions to the members' expenses budgets (£25,000) and members' pension contributions (£75,000) to reflect the latest level of expenditure. Savings related to a reduction in the level of civic hospitality and support (£50,000) and in Administration running costs for the department (£20,000).

25. \*\* CE4 Legal Services review; £35,000 in 2016/17 rising to £115,000 by 2018/19. Staff related savings will make up the majority of the reduction. A review of the management structure in the first few months of 2015/16 delivered a £35,000 saving early; a future review and consolidation of the wider team will deliver the remaining saving (£80,000).

26. \*\* CE5 Registration Service - Review and Increased Income; £110,000 in 2016/17 rising to £140,000 in 2017/18.

The Registration service's contribution is mainly attributable to additional income, through further development of complementary customer services, price increases and development of service delivered at Anstey Frith House.

- 27. \*\* CE6 Review of Strategy, Partnerships & Communities Service; £275,000 in 2016/17. The savings for the service relate to staff budgets. Reviews took place in 2015/16 and will be implemented fully by the beginning of 2016/17. The implementation of a new target operating model for policy, economic and communities and business intelligence will achieve this efficiency saving.
- 28. \*\* CE7 Reduced staffing for a range of partnership and community support activity; £275,000 in 2016/17.

The review referenced above (CE6) also delivered staffing savings associated with reduced support for partnership work and reduced funding for agencies, grants and economic development.

29. \* CE8 Review Planning, Historic and Natural Environmental Services; £35,000 in 2016/17 rising to £100,000 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.

- 30. \*\* CE9 Registration opening hours and "tell us once" service; £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).
- 31. \*\* CE10 Trading Standards reduced management and operational costs; £65,000 in 2016/17

The savings in 2016/17 will be found through reductions in management and other operational costs.

32. \*\* CE11 Contingency/Savings; £45,000 contingency in 2016/17 changing to a £60,000 savings requirement by 2018/19.

A shortfall in savings from 2018/19 has resulted from the Council's failure to be able to pursue shared services with other authorities. This shortfall has been offset in part by alternative savings which can be achieved earlier than the original plan. This means that in the short term, in 2016/17 and 2017/18, there is contingency funding available to potentially support the identification and delivery of plans to fill the remaining savings gap.

33. <u>CE12 Cessation of Community Centre funding</u>; £40,000 in 2016/17 rising to £60,000 by 2018/19

Cessation of funding provided to Kegworth Community Centre (£30,000), capital funding has been provided to ensure that community provision is sustainable following this reduction. Thringstone Community Centre (£30,000) on-going work with the management committee is aimed at helping them become self-funded prior to the removal of this funding.

#### **Emerging Savings**

34. \*\* CE13 Trading Standards – Service Review and Joint Working; £10,000 in 2016/17 rising to £90,000 by 2018/19

Whilst the Council was unable to purse a full shared service, during the course of the review, lessons about sharing back office operations were learnt. Along with increased income from other agencies and reductions in customer facing services, £80,000 of the saving requirement will be achieved. Other savings relate to further reviews of management and operational costs (£10,000).

35. \* CE14 Reduction in the value of Participatory /Community Grants awarded; £70,000 in 2018/19

This reduction is a savings made to monies provided 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.

36. \*\* CE15 Stop providing funding for economic development activity to external agencies; £50,000 in 2017/18 rising to £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 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 housing/economic initiatives will mean that the Leicestershire Rural Partnership will be reliant on securing external funding (£50,000 has been accelerated into 2017/18).

#### Other Funding

- 37. The Police and Crime Panel Grant (£55,000) provides funding towards the administration and member expenses for the panel locally. The level of funding for 2016/17, from the Home Office, is still to be confirmed.
- 38. The Local Reform and Community Voices Grant (£0.3m) provides funding to support 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. The level of funding for 2016/17, from the Department of Health, is still to be confirmed.

39. The table shows the specific grants expected to be received in 2016/17.

	2016/17 £000
Police and Crime Panel Grant (Home Office)	*55
Local Reform and Community Voices Grant (Department of Health)	*276
TOTAL	329

<sup>\*</sup>amounts to be confirmed by the awarding organisations

#### **Capital Programme**

40. The draft Capital Programme is summarised in the following table. The programme is funded from a combination of County Council resources and specific grants from external organisations.

Project	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
Rural Broadband Scheme - Phase 1	545				545
Rural Broadband Scheme - Phase 2	4,030	3,370			7,400
Shire Community Solutions Grants	100	100	100	100	400
Total	4,675	3,470	100	100	8,345

- 41. 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 and is forecast to be completed by the end of March 2016. This will be achieved through a contract with BT Group plc (BT).
- 42. 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 Department for Culture, Media and Sport (DCMS) has made an initial £3.45m allocation that is being matched locally with a combination of County Council (£1.45m) and LLEP funding (£2.05m). Additional district council and DCMS funding totalling up to £3.0m could further increase coverage if secured. BT will also be the supplier for this contract.
- 43. Shire Community Solutions Grant This scheme of grants aimed at community and voluntary sector groups is targeted for supporting vulnerable and disadvantaged people and communities. These grants play a key role in delivering the Council's Community Strategy.
- 44. Future Developments proposals for developing Registration Services in Hinckley and Wigston will be submitted for consideration of inclusion into the capital programme. Each proposal will be subject to approval of their business case.

#### **Background Papers**

Cabinet 12 January 2016 – Provisional Medium Term Financial Strategy 2016/17 to 2019/20

#### **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

Andrew James, County Solicitor, Chief Executive's Department

Tel: 0116 305 6007

Email: andrew.james@leics.gov.uk

Chris Tambini, Director of Finance, Corporate Resources Department

Tel: 0116 305 6199

E-mail: chris.tambini@leics.gov.uk

Phil D'Mello, Assistant Business Partner (Strategic Finance), Corporate Resources

Department

Tel: 0116 305 8229

E-mail: <a href="mailto:philip.d'mello@leics.gov.uk">philip.d'mello@leics.gov.uk</a>

#### **Appendices**

**Appendix A** – Revenue Budget 2016/17

**Appendix B** – Growth & Savings 2016/17 – 2019/20

#### **Equality and Human Rights Implications**

- 45. 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.
- 46. 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.
- 47. 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 and Human Rights Impact Assessment to be undertaken as part of the Action Plan.

#### **APPENDIX A**

## CHIEF EXECUTIVE'S DEPARTMENT

## **REVENUE BUDGET 2016/17**

Budget 2015/16 £		Employees £	Running Expenses £	Internal Income £	Gross Budget	External Income £	Net Total £
	DEMOCRATIC SERVICES, ADMIN & CIVIC AFFAIRS						
1,352,626	Democratic Services and Administration	1,192,334	150,350	-13,660	1,329,024	-18,333	1,310,691
114,000	Subscriptions	0	114,000	0	114,000	0	114,000
206,183	Civic Affairs	73,631	167,600	0	241,231	-43,000	198,231
1,672,809	TOTAL	1,265,966	431,950	-13,660	1,684,256	-61,333	1,622,923
1,549,906	LEGAL SERVICES	2,273,056	195,850	-439,500	2,029,406	-369,500	1,659,906
4,246,727	STRATEGY, PARTNERSHIPS & COMMUNITIES	2,895,410	2,657,433	-1,056,731	4,496,112	-729,038	3,767,074
	REGULATORY SERVICES						
1,509,887	Trading Standards	1,461,089	227,700	-110,000	1,578,789	-156,600	1,422,189
840,197	Coroners	153,049	738,725	0	891,774	-35,000	856,774
-76,468	Registrars	785,017	56,830	-35,596	806,251	-1,005,980	-199,729
2,273,616	TOTAL	2,399,154	1,023,255	-145,596	3,276,813	-1,197,580	2,079,233
510,895	PLANNING, HISTORIC & NATURAL ENVIRONMENT	830,443	430,900	-300,000	961,343	-504,000	457,343
72,246	DEPARTMENTAL ITEMS	35,444	139,522	-85,444	89,522	0	89,522
10,326,199	TOTAL CHIEF EXECUTIVES	9,699,472	4,878,910	-2,040,931	12,537,451	-2,861,451	9,676,000

This page is intentionally left blank

						APPE	ENDIX B
Refer	ence			2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
			GROWTH				
			CHIEF EXECUTIVES				
			Demand & cost increases				
*	G19		Signposting and Community Support Service			100	100
	G20		Legal Services- increased Family Justice, Court of Protection and	140	140	140	140
			School Appeal casework				
	G21		Business Intelligence Service	85	85	85	85
	G22		Business Intelligence System (one-off growth)	120			
	G23		Strategic Planning Service Growth	55	55	55	55
			Total	400	280	380	380
			<u>SAVINGS</u>				
Refer	ence	Eff/SF	₹				
		Incor					
			CHIEF EXECUTIVE				
			Transformation				
*	CE1	SR	Funding and support to agencies	-150	-150	-170	-170
			Total	-150	-150	-170	-170
			<u>Departmental</u>				
**	CE2	Eff	Review of Management Structure/Vacancy Control	-50	-70	-70	-70
**	CE3	Eff	Democratic Services, Administration and Civic support review	-50		-170	-170
**	CE4	Eff	Legal Services review	-35	-35	-115	-115
**	CE5	Inc	Registration Service - Review and increased income	-110		-140	-140
**	CE6	Eff	Review of Strategy, Partnerships & Communities Service	-275	-275	-275	-275
**	CE7	SR	Reduced staffing for a range of partnership and community support				
			activity	-275	-275	-275	-275
*	CE8	SR	Review Planning, Historic and Natural Environmental Services	-35	-60	-100	-100
**	CE9	SR	Registration opening hours and "tell us once" service		-60	-60	-60
**	CE10		Trading Standards reduced management and operational costs	-65	-65	-65	-65
**	CE11		Contingency/Savings	45	40	-60	-60
	CE12	SR		-40	-45	-60	-60
			Total	-890	-1,125	-1,390	-1,390
			Emoraina				
**	CE13	⊏ff	Emerging Trading Standards - Service Review and Joint Working	-10	-50	-90	-90
*	CE14		Reduction in the value of Participatory /Community Grants awarded	-10	-50	-90 -70	-90 -70
**	CE14		Stop providing funding for economic development activity to external			-70	-10
	50		agencies		-50	-300	-300
			Total	-10	-100	-460	-460
			TOTAL	-1,050	-1,375	-2,020	-2,020

#### References used in the tables

<sup>\*</sup> items unchanged from previous Medium Term Financial Strategy

<sup>\*\*</sup> items included in the previous Medium Term Financial Strategy which have been amended

Eff - Efficiency saving

SR - Service reduction

Inc - Income

This page is intentionally left blank