Meeting: **Cabinet**

Date/Time: **Friday, 10 February 2017 at 11.00 am**

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

Contact: **Mrs. J. Twomey (Tel. 0116 305 6462)**

Email: **joanne.twomey@leics.gov.uk**

Membership

Mr. N. J. Rushton CC (Chairman)

Mr. R. Blunt CC	Mr. B. L. Pain CC
Mr. Dave Houseman MBE, CC	Mrs. P. Posnett CC
Mr. J. T. Orson JP CC	Mr. J. B. Rhodes CC
Mr. P. C. Osborne CC	Mr. E. F. White CC
Mr. I. D. Ould CC	

Please note: this meeting will be filmed for live or subsequent broadcast via the Council's web site at http://www.leics.gov.uk/webcast – Notices will be on display at the meeting explaining the arrangements.

AGENDA

Item		Report by	
1.	Minutes of the meeting held on 13 December 2017.		(Pages 3 - 12)
2.	To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.		
3.	Declarations of interest in respect of items on the agenda.		
4.	Medium Term Financial Strategy 2017/18 - 2020/21.	Director of Corporate Resources	(Pages 13 - 190)

5.	2018/19 School and High Needs Funding Proposals.	Director of Children and Family Services	(Pages 191 - 198)
6.	Leicestershire's Policy on Admissions to Mainstream Schools: Determination of Admission Arrangements.	Director of Children and Family Services	(Pages 199 - 204)
7.	Development of a Rail Strategy (including HS2) for Leicester and Leicestershire.	Director of Environment and Transport	(Pages 205 - 214)
8.	Community Speed Enforcement.	Director of Environment and Transport	(Pages 215 - 222)
9.	Planning Applications in Melton Borough Villages.	Chief Executive and Director of Children and Family Services	(Pages 223 - 228)
10.	Integrated Commissioning of Mental Health Recovery and Resilience Services - Outcome of Consultation.	Director of Adults and Communities	(Pages 229 - 238)
11.	Items referred from Overview and Scrutiny.		
12.	Any other items which the Chairman has decided to take as urgent.		

Minutes of a meeting of the Cabinet held at County Hall, Glenfield on Tuesday, 13 December 2016.

PRESENT

Mr. N. J. Rushton CC (in the Chair)

Mr. R. Blunt CC
Mr. Dave Houseman MBE, CC
Mr. J. T. Orson JP CC
Mr. P. C. Osborne CC
Mr. B. L. Pain CC
Mrs. P. Posnett CC
Mr. J. B. Rhodes CC
Mr. E. F. White CC

Apologies

Mr. I. D. Ould CC

In attendance

Mrs. R. Page CC, Mr. P. Lewis CC, Dr. R. K. A. Feltham CC, Mr. R. J. Shepherd CC, Mr. R. Sharp CC, Mr. S. J. Galton CC, Dr. T. Eynon CC

508. Minutes of the previous meeting.

The minutes of the meeting held on 23 November 2016 were taken as read, confirmed and signed.

509. Urgent items.

There were no urgent items for consideration.

510. Declarations of interest

The Chairman invited members who wished to do so to declare any interests in respect of items on the agenda for the meeting. The following declarations were made with regard to item 10 on the agenda, ‘Melton Local Plan – Pre Submission Draft Consultation Response’:-

Mr. Rhodes CC - a personal interest which might lead to bias as a member and previous leader of Melton Borough Council.

Mrs. Posnett CC - a personal interest as the Leader of Melton Borough Council.

Mr. Orson CC – A disclosable pecuniary interest as a local land owner.

Mr. Rhodes CC, Mrs. Posnett CC and Mr. Orson CC each undertook to leave the meeting during consideration of this item.

511. Medium Term Financial Strategy 2017/18 - 2020/21.

The Cabinet considered a report of the Director of Corporate Resources regarding the proposed Medium Term Financial Strategy for 2017/18 to 2020/21 (MTFS). A copy of the report, marked '4', and a supplementary report which was circulated separately are filed with these minutes.

Members noted the comments received from Mr R. Sharp CC a copy of which is filed with these minutes.

The Director reported that since the supplementary report had been published the two Leicestershire Clinical Commissioning Groups had indicated that they intended to reduce their Better Care Fund contributions by £2 million. This was in addition to the £1 million funding shortfall which had already been identified.

Mr. Rhodes CC said that whilst it remained challenging for the Council to meet its overall budget requirements, the proposed Capital Programme of £172 million over the next four years was encouraging.

Mr. Houseman CC said that the Council had performed exceptionally well to be able to produce a balanced budget for 2017/18 whilst continuing to fund key services such as adult social care despite being the lowest funded county Council in the Country.

RESOLVED:

(a) That the proposed Medium Term Financial Strategy, including the 2017/18 revenue budget and capital programme, be approved for consultation and referred for consideration to the Overview and Scrutiny Committees and the Scrutiny Commission;

(b) That the Director of Finance, following consultation with the Cabinet Lead Member for Resources, be authorised to -

    (i) agree a response to the draft Local Government Finance Settlement;
    (ii) decide on the appropriate course of action for the Leicester and Leicestershire Business Rates Pool in 2017/18 subject to agreement by all member authorities;

(c) That a further report be submitted to the Cabinet on 10 February 2017.

(KEY DECISION)

REASONS FOR DECISION:

To enable the County Council to meet its statutory requirements with respect to setting a budget and Council Tax precept for 2017/18 and to provide a basis for the planning of services over the next four years.

To ensure that the County Council's views on the Local Government Finance Settlement are made known to the Government.

Modelling of the Business Rates Pool with the Leicestershire district councils, Leicester City Council and the Leicester, Leicestershire and Rutland Combined Fire Authority is being undertaken and a decision on whether to proceed will need to be taken 28 days after the release of the draft Local Government Finance Settlement.

512. Highway Maintenance Policy and Strategy Review.

The Cabinet considered a report of the Director of Environment and Transport which detailed the findings of a consultation exercise undertaken to support the review of the Council's Highway Maintenance Strategy and Policy and sought approval for a further consultation to help shape the future approach to highway asset management. A copy of the report, marked '5', is filed with these minutes.

Members noted the comments of the Environment and Transport Overview and Scrutiny Committee, a copy of which is filed with these minutes.

Mr. Osborne CC thanked the Environment and Transport Overview and Scrutiny Committee for its positive comments. He added that the introduction of Highway Wardens or Lengthsmen in some parishes as part of a pilot scheme would demonstrate if a more local approach to managing low cost maintenance work, such as sign washing or cutting back vegetation, would provide a better service for communities.

RESOLVED:

(a) That the outcome of the 'A-Roads to Zebras' consultation be noted;

(b) That the draft Highway Asset Management Policy (Appendix A) and Highway Asset Management Strategy (Appendix B) be approved for consultation;

(c) That a report on the outcome of the consultation exercise be submitted to the Cabinet in summer 2017;

(d) That the Director of Environment and Transport be requested to develop a pilot scheme for a Highway Warden and/or Lengthsman arrangement as detailed in the report which is based on the assumption that future arrangements would be at least cost-neutral to the County Council.

(KEY DECISION)

REASONS FOR DECISION:

Updating the County Council's approach to managing and maintaining Leicestershire's highway assets will support the delivery of a service that is appropriate to the budget proposals set out in the 2016-2020 Medium Term Financial Strategy (MTFS).

Developing new Highway Asset Management Policy and Strategy documents will:

- ensure that the County Council's approach to highway maintenance is consistent with the current recommendations of the Highways Maintenance Efficiency Programme (HMEP) endorsed by the UK Roads Liaison Group;
- ensure consistency with the new national code of practice for highway maintenance, 'Well Managed Highways Infrastructure';
- ensure that the Council is in a better position to secure additional funds available through the Department for Transport's (DfT's) *Incentive Fund* award process, up to 2020/21;

- ensure that the County Council develops a more analytical and evidence-based approach to managing its highway assets; and
- establish the detailed direction and operational processes required to underpin delivery of the Highway Asset Management Policy and Strategy.

Developing a pilot scheme for a Highway Warden / Lengthsman scheme will allow the County Council to understand the benefits, operating costs and viability of implementing this type of arrangement and whether it could have a part in the future approach to highway maintenance in Leicestershire.

Engagement and consultation with stakeholders is an important part of the process for developing revised policies. This will also help to ensure that the Authority's Highway Asset Management Strategy and Highway Maintenance Street Lighting Policy take account of customer expectations and deliver the most appropriate service levels, consistent with the limitations of the budget and the need to build long-term resilience into the network.

513. <u>Appraisal of Options for the Treatment / Disposal of Residual Waste Post-2020.</u>

The Cabinet considered a report of the Director of Environment and Transport which detailed the outcome of a joint market engagement process with Leicester City Council to explore potential commissioning options for the treatment/disposal of residual waste post - 2020 and sought approval for a preferred option. A copy of the report, marked '6', is filed with these minutes.

Members noted the comments received from Mr. Max Hunt CC, a copy of which is filed with these minutes.

Mr. Pain CC said that the Council had arrived at a preferred option which would enable the authority to best utilise the available waste treatment/disposal capacity within the market place over the medium term.

RESOLVED:

(a) That the outcome of the options appraisal for the treatment/disposal of residual waste post-2020 be noted;

(b) That Option 3 as set out in the report be agreed, namely for the County Council to enter into medium term (up to 2028 – 2031) merchanting arrangements to utilise available waste treatment and disposal capacity within the marketplace;

(c) That the Director of Environment and Transport be authorised to –

(i) Procure and/or modify existing arrangements as appropriate to secure capacity for residual waste treatment/disposal from 1 April 2020;

(ii) Engage with colleagues from the City Council to investigate the potential for joint commissioning arrangements following the expiry of Leicester City Council's waste Private Finance Initiative (PFI) contract in May 2028, including agreeing a Memorandum of Understanding with Leicester City Council if appropriate.

(KEY DECISION)

REASONS FOR DECISION:

Option 3 (medium term merchanting arrangements up to 2028 – 2031) offers the greatest flexibility for the County Council and may provide opportunities to secure financial savings and for a collaborative commissioning approach to be considered with Leicester City Council for joint waste treatment and disposal arrangements following the expiry of the City Council's PFI contract in 2028.

OTHER OPTIONS CONSIDERED:

Option 1: Build a new Energy from Waste (EfW) facility on a council owned site.

An EfW facility on a council owned site with capacity to accept all of the residual waste from both the County and the City Councils with surplus capacity potentially available for third party waste and/or partnerships with other authorities.

Option 2: Utilise a new build Energy from Waste facility at a third party site within the County

Sending all of the County and City Councils residual waste to a third party EfW facility. Planning permission had been secured for a 350,000 tpa EfW facility in Leicestershire.

Option 4: Build a new 'alternative treatment' facility on a council owned site

Using a council owned site to allow the County and City Councils to utilise emerging waste treatment technologies offering an alternative to traditional EfW solutions.

Option 5: Long - term merchanting arrangements (up to 2035+)

The County and City Councils would enter into long-term contractual arrangements to utilise spare capacity at existing facilities.

Option 6: Construct a 'boutique' facility

To construct a smaller scale waste facility sized to treat up to the available City Council and County Council residual waste only.

514. Snibston Site and Country Park.

The Cabinet considered a report of the Director of Corporate Resources concerning the proposed redevelopment of the Snibston Site and adjoining County Park in Coalville. A copy of the report, marked '7', is filed with these minutes.

Members noted the comments received from the local member Dr. T. Eynon CC, a copy of which is filed with these minutes.

Mr. Pain CC said that the proposed development of the Snibston Site and Country Park represented an exciting opportunity to evolve and regenerate the area for the benefit of the town.

Mr. Blunt CC welcomed the plans which included an improved public space near the Scheduled Ancient Monument and also the intention to reopen the original gates on Ashby Road and the footpath connection to the town centre along the disused railway line to Oliver's crossing. He said that both proposals would provide improved access to the site and better links to the town centre.

Mr. Rushton CC added that the Council would consult with local residents regarding the removal of the chicanes along Ashby Road, Coalville, which would also improve access to the site and the town centre.

RESOLVED:

(a) That the proposals for the future use and development of the Snibston site as outlined in the report and appended masterplan be approved;

(b) That the Director of Corporate Resources be authorised to dispose of that part of the land identified as Zone 3 on Appendix B, for residential development.

REASONS FOR DECISION:

To enable the proposals to be progressed.

515. <u>Healthwatch Leicestershire Review and Recommissioning.</u>

The Cabinet considered a report of the Chief Executive which detailed the recommendations of a recent review concerning the recommissioning of a Healthwatch service for Leicestershire. A copy of the report, marked '8', is filed with these minutes.

Members noted that comments had been received from the Chairman and Board members of Healthwatch Leicestershire and also Kevan Liles, Chief Executive of Voluntary Action Leicestershire (VAL), copies of which are filed with these minutes.

Mr. White CC said that whilst the current Healthwatch service hosted by VAL had performed well, a service which covered Leicester, Leicestershire and Rutland (LLR) would provide a more collaborative approach which would help avoid unnecessary duplication. The extension of the current contract would allow officers the opportunity to establish whether an LLR combined approach was feasible.

RESOLVED:

(a) That the outcome of the review to support the recommissioning of a Healthwatch service for Leicestershire be noted;

(b) That it be noted that the recommendations of the review report will be considered by Leicester and Rutland Healthwatch commissioners to explore opportunities for increased collaboration and joint working;

(c) That the Chief Executive be authorised to -

(i) Procure a new provider of the Healthwatch Leicestershire service which will be a freestanding social enterprise;

(ii) Extend the current contract with Voluntary Action Leicestershire as necessary, potentially up until 31 March 2018, if this is required for market development and/or in order to align procurement timescales with other local Healthwatch services.

REASONS FOR DECISION:

To support the continuing effective provision of a Healthwatch service for Leicestershire and develop improved partnership working with other local Healthwatch organisations so as to enhance the reach and impact of the service for the whole County.

516. NHS Sustainability and Transformation Plan.

The Cabinet considered a report of the Chief Executive which provided an update on the draft NHS Sustainability and Transformation Plan (STP) for Leicester, Leicestershire and Rutland which had been published for stakeholder engagement. The report also sought the Cabinet's approval of governance arrangements for its oversight and delivery. A copy of the report, marked '9', is filed with these minutes.

Mr White CC said that the report highlighted the important work of the Health and Wellbeing Board which enabled local authorities to comment on and shape the work of the NHS, and the Board would play a key role in the implementation and delivery of the STP. He added that many of the changes proposed within the draft STP were based on clinical priorities, clinical safety and clinical need and the NHS would therefore expect the Health and Wellbeing Board to take note of these issues when considering the deliverability of local services.

RESOLVED:

(a) That the publication of the draft Leicester, Leicestershire and Rutland Sustainability and Transformation Plan be noted;

(b) That the governance arrangements for oversight and delivery of the draft Sustainability and Transformation Plan be noted;

(c) That the Chief Executive, following consultation with the Cabinet Lead Member for Health, be authorised to take such operational decisions as may be necessary to enable the delivery of the Sustainability and Transformation Plan.

REASONS FOR DECISION:

The STP when approved will have an impact on social care and public health services commissioned by the County Council. For this reason, the governance arrangements for oversight and delivery of the STP involve representatives of the County Council at a number of levels.

The Chief Executive will be a non-decision making member of the System Leadership Team, which will oversee all aspects of the development and delivery of the STP. In order to facilitate partnership working the Chief Executive will need to take operational decisions within the County Council to enable the STP to be delivered.

517. Melton Local Plan - Pre Submission Draft Consultation Response.

(Mr. Orson CC, Mr. Rhodes CC and Mrs Posnett CC, having each declared an interest in the matter, (minute 510 above refer), left the meeting during consideration of this item).

The Cabinet considered a report of the Chief Executive which proposed a County Council response to the consultation on the Melton Local Plan Pre Submission Draft which included policies and proposals for housing and further infrastructure in the Melton Borough for the period 2011 to 2036. A copy of the report, marked '10', is filed with these minutes.

The Chief Executive reported that following the publication of the report Melton Borough Council had provided some information about childcare provision, which would be included in a revised Pre Submission Draft and comments on this aspect would also be added to the County Council's response.

RESOLVED:

(a) That the detailed comments on the Melton Local Plan Pre Submission Draft as set out in the Appendix to the report, be submitted to Melton Borough Council as the views of the County Council;

(b) That the key comments set out in paragraphs 26 to 41 of the report be specifically drawn to the attention of Melton Borough Council.

REASONS FOR DECISION:

To ensure that the County Council provides appropriate input at this key stage in the Local Plan process, so that issues of importance for the County Council are clearly expressed and the Authority influences the shape and content of the Local Plan.

(Mr. Orson CC, Mr. Rhodes CC and Mrs. Posnett CC returned to the meeting).

518. Regulation of Investigatory Powers ACT 2000 (RIPA) - Revised Policy Statement.

The Cabinet considered a report of the Director of Law and Governance which detailed the Council's use of the Regulation of Investigatory Powers Act 2000 (RIPA) for the period from 1 October 2015 to 30 September 2016, and recommended the adoption of a revised Policy Statement following a recent inspection undertaken by the Office of Surveillance Commissioners. A copy of the report, marked '11', is filed with these minutes.

RESOLVED:

(a) That the Council's use of the Regulation of Investigatory Powers Act 2000 for the period from 1 October 2015 to 30 September 2016 be noted;

(b) That the County Council's Policy Statement on the use of RIPA powers (appended to the report) be approved;

(c) That the Cabinet continues to receive annual reports from the Corporate Governance Committee on the use of RIPA powers and whether the Policy remains fit for purpose.

REASONS FOR DECISION:

The Policy Statement required updating to reflect current best practice and to implement the recommendations made following a recent inspection undertaken by the Office of Surveillance Commissioners.

519. Items referred from Overview and Scrutiny.

There were no items referred from the Overview and Scrutiny Committees.

2.00 - 3.00 pm
13 December 2016

CHAIRMAN

This page is intentionally left blank

Leicestershire County Council

CABINET – 10 FEBRUARY 2017

PROVISIONAL MEDIUM TERM FINANCIAL STRATEGY 2017/18 - 2020/21

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PART A

Purpose of the Report

1. This report presents the County Council's proposed 2017/18 to 2020/21 Medium Term Financial Strategy (MTFS) for approval, following consideration of the draft MTFS by the Cabinet in December 2016 and the Overview and Scrutiny bodies in January and receipt of the draft Local Government Finance Settlement on 15 December 2016.

Recommendation

2. That the following be recommended to the County Council:-

   (a) That subject to the items below, approval be given to the MTFS which incorporates the recommended revenue budget for 2017/18 totalling £348m as set out in Appendices A, B and E of this report and includes the growth and savings for that year as set out in Appendix C;

   (b) That approval be given to the projected provisional revenue budgets for 2018/19, 2019/20 and 2020/21, set out in Appendix B to the report, including the growth and savings for those years as set out in Appendix C, allowing the undertaking of preliminary work, including business case development, consultation and equality impact assessments, as may be necessary towards achieving the savings specified for those years including savings under development, set out in Appendix D;

   (c) That approval is given to the early achievement of savings that are included in the MTFS, as may be necessary, along with associated investment costs, subject to the Director of Finance agreeing to funding being available;

   (d) That the level of earmarked funds as set out in Appendix J be noted and the use of earmarked funds be approved;

   (e) That the amounts of the County Council's Council Tax for each band of dwelling and the precept payable by each billing authority for 2017/18 be as set out in Appendix K (including the adult social care precept of 2%);

(f) That the Chief Executive be authorised to issue the necessary precepts to billing authorities in accordance with the budget requirement above and the tax base notified by the District Councils, and to take any other action which may be necessary to give effect to the precepts;

(g) That the Director of Finance be authorised to approve changes to the Business Rates Pooling agreement, which might occur as a result of the creation of a Leicester and Leicestershire Combined Authority;

(h) That approval be given to the transfer of £2.85m from the Schools Block to the High Needs Block of Dedicated Schools Grant;

(i) That approval be given to the 2017/18 to 2020/21 capital programme as set out in Appendix F;

(j) That the Director of Finance following consultation with the Lead Member for Corporate Resources be authorised to approve new capital schemes including revenue costs associated with their delivery;

(k) That it be noted that new capital schemes, referred to in (j), are shown as future developments in the capital programme, to be funded from capital funding available;

(l) That the financial indicators required under the Prudential Code included in Appendix L, Annex 2 be noted and that the following limits be approved:

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Operational boundary for external debt				
i) Borrowing	274.6	264.6	264.1	263.6
ii) Other long term liabilities	1.3	1.3	1.2	1.2
TOTAL	275.9	265.9	265.3	264.8
Authorised limit for external debt				
i) Borrowing	284.6	274.6	274.1	273.6
ii) Other long term liabilities	1.3	1.3	1.2	1.2
TOTAL	285.9	275.9	275.3	274.8

(m) That the Director of Finance be authorised to effect movement within the authorised limit for external debt between borrowing and other long term liabilities;

(n) That the following borrowing limits be approved for the period 2017/18 to 2020/21:

(i) Upper limit on fixed interest exposures 100%
(ii) Upper limit on variable rate exposures 50%
(iii) Maturity of borrowing:-

	Upper Limit	Lower Limit
	%	%
Under 12 months	30	0
12 months and within 24 months	30	0
24 months and within 5 years	50	0
5 years and within 10 years	70	0
10 years and above	100	25

(o) That the Director of Finance be authorised to enter into such loans or undertake such arrangements as necessary to finance capital payments in 2017/18, subject to the prudential limits in Appendix L;

(p) That the Treasury Management Strategy Statement and the Annual Investment Strategy for 2017/18, as set out in Appendix L, be approved including:

(i) The Treasury Management Policy Statement, Appendix L; Annex 4
(ii) The Annual Statement of the Annual Minimum Revenue Provision as set out in Appendix L, Annex 1;

(q) That approval is given to the Risk Management Policy and Strategy (Appendix H) subject to consideration by the Corporate Governance Committee on 17th February 2017 and that the Director of Finance be authorised to make any necessary amendments arising from its consideration by the Corporate Governance Committee;

(r) That the Capital Strategy (Appendix G) and Earmarked Funds Policy (Appendix I) to this report be approved.

Reasons for Recommendation

3. To enable the County Council to meet its statutory requirements with respect to setting a budget and Council Tax precept for 2017/18, to allow efficient financial administration during 2017/18 and to provide a basis for the planning of services over the next four years.

Timetable for Decisions (including Scrutiny)

4. On 13th December 2016 the Cabinet agreed the proposed MTFS, including the 2017/18 revenue budget and 2017/18 to 2020/21 capital programme, for consultation. The Overview and Scrutiny Committees and the Scrutiny Commission then considered the proposals in January 2017 (the comments of those bodies are attached as Appendix N).

5. The County Council meets on 22nd February 2017 to consider the MTFS including the 2017/18 revenue budget and capital programme. This will enable the 2017/18 budget to be set before the statutory deadline of the end of February 2017.

Policy Framework and Previous Decisions

6. The MTFS is a rolling financial plan that is updated annually.

7. The County Council's Strategic Plan was agreed by the Cabinet in May 2014. This sets out the County Council's priorities and supports actions and targets up to 2018, aligning with the MTFS. The associated Transformation Programme was also agreed by the Cabinet in May 2014.

Legal Implications

8. The Director of Law and Governance has been consulted on this report.

Resource Implications

9. The MTFS is the key financial plan for the County Council.

10. The County Council is operating in an extremely challenging financial environment. Whilst the four-year Settlement had already confirmed that this would continue over the course of the current Parliament the extension of austerity suggests that the UK is not yet halfway on the road to economic stability. The deepening financial crisis in the NHS, proposed funding reforms in Education and Local Government, and the expected transfer of new responsibilities to the County Council suggest that the second half of this period of austerity is going to be much harder than the first.

11. Delivery of the MTFS requires savings of £66m to be made from 2017/18 to 2020/21. This MTFS sets out in detail £43m of savings and proposed reviews that will identify further savings to offset the £23m funding gap in 2020/21. Strong financial control, plans and discipline will be essential in the delivery of the MTFS.

12. To ensure that the MTFS is a credible financial plan unavoidable cost pressures have been included as growth. By 2020/21 this represents an investment of £25m, primarily to meet the forecast increase in demand for social care.

Circulation under the Local Issues Alert Procedure

13. A copy of this report has been circulated to all Members of the County Council under the Members' News in Brief service.

Officers to Contact

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

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

Declan Keegan, Head of Finance, Corporate Resources Department
Tel: 0116 305 7668
Email: declan.keegan@leics.gov.uk

PART B

Changes to the draft Budget proposed in December 2016

14. Changes to the draft budget considered by the Cabinet on 13th December 2016 are summarised in the table below:

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Shortfall	0	2,788	8,801	23,942
Additional Resources				
Adult Social Care Support Grant	-2,425	0	0	0
New Homes Bonus – net changes	285	-264	-253	-253
Education Services Grant	-215	0	0	0
Business Rates – net changes	-41	-198	-419	-430
Council Tax Base	-548	-580	-610	-640
Collection Fund Surplus	-596	0	0	0
Savings changes				
LCTS saving not achieved	500	500	500	500
Review LCTS admin and discretionary discount fund contributions	-100	-225	-225	-225
New Investments				
Supporting Leicestershire Families	300	0	0	0
Adult Social Care (net support grant)	2,140	0	0	0
Revenue funding of capital increased	3,850	100	0	0
Review of Assumptions (Inflation)	-3,150	-50	150	150
Revised Shortfall	0	2,071	7,944	23,044

15. The additional resources are:

- Adult Social Care Support Grant (£2.4m one-off in 2017/18) announced as part of the Provisional Settlement in December 2016 and funded by changes to New Homes Bonus Grant.
- New Homes Bonus Grant – 2017/18 grant £0.3m lower than anticipated; later years' elements £0.3m more than previously forecast.
- Education Services Grant – 2017/18 grant £0.2m higher than previously forecast.
- Business Rates – net changes to "top-up" and "baseline" amounts in the latest forecasts from the Department for Communities and Local Government (DCLG); inflation forecasts have increased.
- Council Tax Base increase – a 2% forecast was used previously; tax bases set by the District Councils show a 2.2% increase, producing £0.5m more council tax income in 2017/18 than previously forecast.
- Collection Fund Surplus – increase of £0.6m to £5.6m following formal estimates provided by the billing authorities in mid-January 2017.

16. The Local Council Tax Support (LCTS) savings will no longer be achieved, as the District Councils have decided not to increase the LCTS caps to the levels anticipated. The loss is proposed to be partially mitigated by a review of the contributions to LCTS administration and discretionary hardship funds.

17. New investments are:

    - One-off growth of £0.3m in 2017/18 for Supporting Leicestershire Families to allow the programme to continue through to 2019/20, although the programme still relies on funding from partners and Government.
    - One-off growth of £2.1m in 2017/18, funded from the Adult Social Care Support Grant net of the New Homes Bonus Grant reduction. This funding has been allocated to Adult Social Care.
    - £3.9 million in 2017/18 is being used to provide resources for investment in the capital programme.

18. The main assumption changes are due to a reduction in the inflation contingency reflecting the slower increase in general inflation and National Living Wage experienced.

19. The net additional resources available in later years have reduced the shortfall in the MTFS by around £0.9m each year.

<u>Autumn Statement 2016</u>

20. On 23 November 2016 the Chancellor of the Exchequer delivered the Autumn Statement 2016.

21. As had been widely expected the Government has abandoned its target for a budget surplus by 2019/20 and adopted a more flexible approach of returning "the public finances to balance at the earliest possible date in the next Parliament". This follows the deterioration in the forecast for public finance since the 2016 budget. This primarily results from a lower tax take, related to slower economic growth, but also from higher spending.

22. Despite the forecast deterioration spending plans have not been amended. There is a clear expectation that there will be further cuts when the Efficiency Review, announced in the 2016 budget, reports next autumn. It is unlikely that local government will receive preferential treatment, with the expectation that authorities can "manage the envelope of resource that they are given". Hence the assumption in the draft MTFS that austerity will continue.

23. The Government's policy on the National Living Wage (NLW) is unchanged, with the aim of reaching 60% of median earnings by 2020. However the softening of pay forecasts has caused the expected NLW in 2020 to reduce from £9.16 per hour to £8.61. The reduced level of NLW increase will have a positive impact on the MTFS through lower price inflation, particularly for social care contracts. This will be partially offset by the expected increase in general inflation following the fall in value of sterling.

Local Government Finance Settlement

24. The draft Local Government Finance Settlement (the annual determination of funding to local government) was announced on 15th December 2016 and included the following key points:

    - Adherence to the four-year settlement starting 2016/17 for all authorities which accepted the multi-year offer. The County Council received confirmation in November 2016 that it is formally on the multi-year settlement.
    - The multi-year settlement offer only relates to Revenue Support Grant (RSG) and Transitional Grant. Funding for services received through specific grants and business rates is not included. This is a significant omission that covers in excess of £100m per annum of services delivered by the County Council. Examples of specific grants not covered include: High Needs funding (Dedicated Schools Grant), the Better Care Fund, Public Health Grant and all capital grants.
    - Adult Social Care precept amended to allow increases of up to 3% in 2017/18 and 2018/19, but authorities still cannot exceed 6% in total over the three-year period ending 2019/20.
    - Changes to New Homes Bonus (NHB) Grant, including reducing the number of years the grant is based on from 6 to 5 in 2017/18 and then to 4 from 2018/19 and introducing a growth threshold of 0.4%; the County Council's 2017/18 grant is £0.3m lower than previously anticipated.
    - The changes to NHB reduced that grant nationally by £241m. This has been redistributed to local government, using the 2013/14 Adult Social Care Relative Needs Formula. The County Council will receive an allocation of £2.425m in 2017/18 to be used as a one-off Adult Social Care Support grant.

Revenue Support Grant and Spending Power

25. The funding projections to 2019/20 in the draft Settlement are based around projections of RSG, Business Rates and Council Tax income. The focus has been placed on giving authorities in the same class (e.g. County, District, Unitary) the same overall changes to these elements of core funding. This means that those authorities where RSG is a lower proportion of their total funding will suffer larger reductions in RSG. This will lead to many authorities losing all of their RSG by 2019/20, with some having no RSG as early as 2017/18. Once RSG has been removed the DCLG proposes to adjust Business Rates Top-up /Tariff amounts to reduce an authority's funding to the desired level.

26. The inherent problem with this methodology for setting funding is that it takes no account of the relative funding position of individual authorities. The County Council has been historically underfunded in comparison with other authorities, including other counties.

27. The elements of the Government's core spending power from the draft Settlement are shown below:

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Settlement Funding				
Revenue Support Grant	37.0	19.5	8.5	0.0
Business Rates*	56.6	57.8	59.7	59.6
Council Tax**	242.8	252.4	262.5	272.9
2% Council Tax for Social Care	4.8	10.0	15.7	22.0
Improved Better Care Fund	0.0	0.0	5.6	11.4
New Homes Bonus	4.3	4.0	3.0	2.9
Transition Grant	3.3	3.3	0.0	0.0
Adult Social Care Support Grant	0.0	2.4	0.0	0.0
Core Spending Power	348.8	349.4	355.0	368.8

*Excludes section 31 business rates grants

**DCLG forecasts of Council tax and Council tax base increases, which are higher than those used by the County Council.

28. The table shows that 'core spending power' is expected to increase in cash terms by £20m (5.7%) by 2019/20. This compares to overall demand and cost pressures across the County Council of circa £45m over the same period.

Fair Funding

29. The Government has announced that it is revising the way in which local government funding is calculated, with the aim of having a new system in place by 2020/21. Analysis undertaken by the County Council shows that Leicestershire is the lowest funded county area in England and one of the lowest funded areas in the whole country. If Leicestershire was funded at the same level as the London Borough of Camden an additional £350m of funding would be received each year.

30. This low funded position means that the scope to make savings is severely limited compared to other authorities. The County Council has developed an alternative, fairer, way of distributing resources and continues to lobby Government to adopt this.

Business Rates Retention Scheme

31. The draft Settlement includes an uplift to Business Rates "Top-Up" and "Baseline" figures of 2% in 2017/18. The baseline is the County Council's share (9%) of business rates generated locally and the Top-Up is allocated to the County Council to compensate for the small Baseline allocation. The proposed MTFS includes Government assumptions that the Baseline and Top-Up will increase by around 3% in 2018/19 and 2019/20 and by 2% in 2020/21.

32. The draft Settlement shows a reduction to the Top-Up of £2.1m in 2019/20. This relates to the impact of the new method of calculating "Core Spending Power" reductions introduced last year. The reduction to the County Council's overall funding in 2019/20 exceeds the remaining RSG in 2018/19 and the Government consequently will adjust the Top-Up for 2019/20. It is anticipated that a further reduction of around £10.7m will be applied to the Top-Up in 2020/21 to reflect the continuation of austerity.

33. The forecasts used in the draft MTFS are set out below:

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Business Rates 'Top-Up'	37.5	38.8	40.1	40.9
'Top-Up' adjustment	0.0	0.0	-2.1	-12.8
Business Rates 'Baseline'*	20.7	21.3	22.1	22.6
S31 grants - Business Rates	1.5	1.5	1.5	1.5
Total	59.7	61.6	61.6	52.2

*Business Rates Baseline is forecast to be £0.4m higher than the amount used by DCLG in calculating the 'spending power'.

Business Rates Pooling

34. The Government introduced the Business Rates Retention system from April 2013, as part of which local authorities were able to enter into Pools for levy and safety net purposes.

35. In 2016/17 the County Council along with Leicester City Council, the Combined Fire Authority and all seven Leicestershire District Councils formed the 'Leicester and Leicestershire Pool'. The latest estimates for the 2016/17 Pool show a potential surplus of £4.6m.

36. The recent national revaluation exercise that takes effect from April 2017 creates greater uncertainty around appeals than previous years. However, modelling of the Pool for 2017/18 showed a forecast surplus of £5.9m and consequently the partners have decided to continue with the Pool for 2017/18.

37. The surpluses will be retained locally rather than being returned to the Government as would have been the case if no Pool had existed. The current pooling agreement between the partners allows the surplus to be provided to the Leicester and Leicestershire Economic Partnership (LLEP) for investment in the wider sub-regional area. Consideration is being given to amending the pooling agreement to allocate any surpluses to the proposed Leicester and Leicestershire Combined Authority (LLCA), which would become the decision-making body for the allocation of surpluses. It is recommended that the Director of Finance be authorised to agree changes to the Pooling agreement as a result of the proposed LLCA.

100% Business Rate Retention

38. The DCLG consulted in the autumn on changes to the local government finance system to pave the way for the implementation of 100% business rates retention, from 2020. The consultation was very broad and gave little indication of how a future system would work.

39. Part of the DCLG consultation explored potential new responsibilities that could be devolved, in recognition that local authorities would be a net beneficiary if 100% of rates were retained. The most significant suggestion was for the transfer of the administration of Attendance Allowance to local authorities. This has now been ruled out by the Secretary of State, although there is no indication of what would take its place.

Council Tax

40. The draft MTFS is based on a 3.99% per annum increase in Council Tax for the years 2017/18 to 2019/20, including implementation of the adult social care precept at 2% in each year. An increase of 1.99% is assumed regarding 2020/21, when there is uncertainty about the ability to raise the adult social care precept. Over the next four years a total of £56m in extra Council Tax is expected to be generated.

41. The Localism Act 2011 provides for residents to instigate local referendums on any local issue and the power to veto excessive Council Tax increases. The Government has indicated that the threshold for calling a referendum in 2017/18 will be a 2% rise in Council Tax.

42. The Chancellor announced, as part of the 2015 Spending Review, that local authorities responsible for delivering adult social care would be allowed to raise a council tax “precept” of 2% for each year of the Spending Review period to partially fund adult social care. This will be in addition to the current council tax referendum threshold and is “to be used entirely for adult social care”. The draft 2017/18 Settlement includes flexibility to allow increases of 3% in 2017/18 and 2018/19, but the increases over 2017/18 to 2019/20 cannot exceed 6%.

43. The proposed MTFS includes a Council Tax Base increase of 2.21% in 2017/18 and an assumption that future years’ growth will be around 1.5% each year.

44. District Councils have provided a formal estimate for the Council Tax Collection Fund surplus of £5.6m. This income has been reflected in the 2017/18 budget. The County Council will work with the District Councils to ensure that estimates are more accurate than they have been in the past.

Localisation of Council Tax Support (LCTS)

45. The Government reformed the national Council Tax Benefit (CTB) scheme, abolishing Council Tax Benefit from 1 April 2013 and replacing it with a grant (incorporated within Settlement funding). The District Councils operate the scheme with a cap on the maximum of Council Tax that recipients will pay. The caps range between 12% and 15%.

46. The District Councils undertook a consultation on proposed changes to the LCTS schemes over Summer 2016. If all areas implemented a 20% cap, in line with Leicester City Council, this could raise Council Tax for the County Council by circa £0.5m per annum. This level of additional Council Tax income was included as a saving within the draft MTFS reported to the Cabinet on 13th December 2016. The decisions of the District Councils were not known at that time although information indicated that the Councils were likely not to increase the cap, and it was noted that offsetting savings would need to be made if that proved to be the case. The Districts have now confirmed that they will not be amending the caps, with the exception of Melton, where the current 12% cap will be increased to 15%.

47. The County Council contributes £125,000 per annum to the District Councils for administration of the scheme and £100,000 per annum to a county-wide local discretionary Council Tax 'hardship' fund to reduce Council Tax bills for qualifying claimants on a case-by-case basis. The revised MTFS proposes a review of the continuation of this funding, which will entail a consultation with the Districts.

48. It is noted that the Districts are due to receive grant of £560,000 from DCLG in 2017/18 to support the administration of LCTS.

2017/18- 2020/21 Budget

49. The provisional detailed four-year MTFS, excluding Dedicated Schools Grant (DSG), is set out in Appendix A and is summarised in the table below. The provisional 2017/18 budget excluding DSG is detailed in Appendix B.

Provisional Budget	**2017/18 £m**	**2018/19 £m**	**2019/20 £m**	**2020/21 £m**
Services including inflation	329.1	340.9	342.1	357.1
Add growth	7.0	4.0	8.0	6.1
Less savings	-16.2	-14.5	-5.2	-3.4
	319.9	330.4	344.9	359.8
Central Items	29.3	25.2	18.8	18.8
Less savings	-0.2	-3.7	-0.1	0.0
Contribution from earmarked funds	-1.0	-1.0	-1.0	0.0
Total Expenditure	**348.0**	**350.9**	**362.6**	**378.6**
Funding				
Revenue Support Grant	-19.5	-8.5	0.0	0.0
Business Rates	-59.7	-61.6	-61.6	-52.2
Council Tax	-268.8	-278.7	-293.1	-303.4
Total Funding	**-348.0**	**-348.8**	**-354.7**	**-355.6**
Shortfall	**0.0**	**-2.1**	**-7.9**	**-23.0**

50. The MTFS is balanced in 2017/18 and shows shortfalls of £2.1m in 2018/19 rising to £23m in 2020/21. As set out in paragraph 56 there is a range of initiatives currently being developed that will aim to bridge the gap. These will need to start to deliver savings by 2018/19. In addition, Better Care Fund resources are potentially available from 2018/19.

Savings and Transformation

51. Savings of £43.3m have been identified to be made over the next four years, 2017-21, with £16.4m to be made in 2017/18. This is a challenging task especially given that savings of £161m have already been delivered over the last seven years. The planned savings are shown in Appendix C.

52. The main four-year savings are:

- Children and Family Services (£8.1m). This includes reducing costs for social care placements, managing demand and reviewing early help and prevention services.
- Adults and Communities (£11m). This includes managing demand and reducing costs of social care by reviewing personal budget allocations and contracts.
- Public Health (£2.3m). This includes savings from reviewing early help and prevention services.
- Highways and Transportation (£8m). Savings will delivered through a revised approach to Highways Maintenance, reviewing contracts, service reviews and by making savings from the continued roll-out of the LED street lighting.
- Environment (£3.2m). Service delivery reviews for Recycling and Household Waste Sites and a revised payment mechanism for recycling credits are planned.
- Chief Executive (£1.1m). This includes service reviews and seeking to achieve increased income.
- Corporate Resources (£5.6m). This includes reviews of all support services e.g. Property, ICT, Human Resources and Finance and an increased contribution from Commercial Services.
- Central Items (£4.0m). This includes savings from a revised Minimum Revenue Provision policy.

53. Efficiency savings account for £33m and can be grouped into four main types*:*

a) Reductions in senior management and administration (£3m)
b) Better commissioning and procurement (£14m)
c) Service re-design (£12m)
d) Other (£4m).

54. It is estimated that the proposals would lead to a reduction of up to 400 posts (full time equivalents) over the four-year period. However, it is expected that the number of compulsory redundancies will be lower, given the scope to manage the position over the period through staff turnover and vacancy control.

55. Further savings will be required to close the budget shortfall of £2.1m in 2018/19 rising to £23m in 2020/21.

56. To help bridge the gap a number of initiatives are under development to generate further savings. Once business cases have been completed savings will be confirmed and included in a future MTFS. The initiatives are:

- Review of the County Council's role in running schools.
- Disabled Children's Respite Care – review of service models.
- Education of Children in Care - review current service model and offer.
- Lower cost adult social care provision – review of different models.
- Whole life disability – consider options to deliver fully integrated care pathways.
- Promoting independence in the home for high dependency service users.
- Social Care and SEN Transport – review of initiatives to reduce spend and offset growth pressures.
- Increased revenues from Asset Investments – from new investments.
- Integrated ICT Systems – review common systems and increase joint working with partners.
- Review Structures and Delivery Models - review the Target Operating Model and the balance between externally provided and in-house services.
- Proactively Manage Demand - manage customer expectations for council services.
- Commercialism – review of new opportunities and consideration of alternative delivery models.
- Commissioning and Procurement – develop an improved more targeted approach.
- People and Performance Management – further improving performance and productivity.
- Digital Services - help people do things for themselves.
- Property Initiatives – maximise the use of buildings and reduce costs of accommodation and/or realise capital receipts.
- Review of Council Tax and Business Rates collection and forecasts in conjunction with the District Councils.

57. The development and ultimately achievement of these savings will be extremely challenging and will require focus, discipline and innovation. The Transformation Programme will continue to have a key role in supporting the delivery of these savings. Further information is provided in Appendix D.

58. The County Council, in 2014, commissioned EY (formerly Ernst & Young) to produce a strategic financial review to explore the implications of establishing a unitary authority, in place of the current two-tier (County and Districts) system in Leicestershire. The review suggested that an annual saving of £31m could be achieved and re-invested in front line services. Given the scale of the financial challenge facing the County Council and changes in Government policy this remains a potential source of significant savings to be noted.

Transforming the Way We Work

59. The Transformation Programme was first agreed by the Cabinet in May 2014 and has since been updated to meet the changing requirements of the MTFS, new organisational priorities and an increased focus on cross-cutting corporate reviews.

60. The Transformation Programme saved £24.6m in 2015/16. The programme has since been refreshed and as at October 2016, there are further expected savings of £34.7m for the four-year period.

61. The Programme has previously consisted of a number of organisational enablers that have successfully delivered outcomes including the County Hall Masterplan which resulted in the delivery of circa £0.8m savings as well as supporting greater partnership working through relocating NHS bodies into County Hall.

62. The Customer and Communities enabler sets out a new approach to working with Leicestershire communities in order to help them support themselves, to work in partnership to design and deliver services and to develop the voluntary and community sector as effective providers in a diverse market. This enabler also supports community groups in developing business cases to enable them to take on the running of community libraries.

63. Cross-cutting activity is complex. However it has the potential to deliver the biggest organisational benefits and is transformative by its nature. These cross-cutting priorities are at various stages in their development and they may be further influenced through the development of a Single Outcomes Framework for the County Council. However three critical areas that have been prioritised are: commissioning, commercialisation and performance management.

64. A range of measures is being considered with the aim of improving the County Council's approach to commissioning and procurement. These measures should allow resources to be targeted where they will have the biggest potential impact and ensure that the most appropriate mechanisms are used, leading to lower cost services. Proposals that are currently being developed include more integrated ways of working, making greater use of community provision, strengthening the County Council's contract management arrangements, and exploring the potential consolidation of some internal functions.

65. The County Council's approach to commercialism aims to make a contribution by generating income, reducing costs and improving productivity and efficiency. This will be achieved by adopting new ways of working, a more business-like approach to service delivery and consideration as to how the County Council will further develop trading and income generation. A commercial approach is already underway within the Corporate Resources Department, having brought together services into a commercial business unit. This has been underpinned by the creation of the Leicestershire Traded Services (LTS) brand and supported through the development of LTS online. Discussions are now underway as to how this approach can be expanded across the County Council.

66. To support the achievement of outcomes in the areas of commissioning and commercialisation, it is necessary to align the people and performance management agenda to ensure organisational readiness to operate in new and commercial ways. As such, consideration is being given to the County Council's approach to performance management with an increased focus on productivity, to develop new competencies amongst staff to operate differently and to reduce the cost of delivery through new and efficient ways of working.

67. In addition to the cross-cutting work outlined above, departments continue to deliver a range of projects within the corporate Transformation Programme that support the achievement of the MTFS. The programme continues to be led and supported by the Transformation Unit with significant input from Finance officers.

Early Help and Prevention

68. The Cabinet approved the Early Help and Prevention Strategy on 17th June 2016. The Strategy made a number of recommendations to improve the coordination of the preventative offer across the County Council. By reducing duplication, improving contract management and ensuring that consistent approaches are taken to prevention the dual benefit of cost reduction and increased effectiveness can be achieved.

69. Implementation of the Strategy will require reductions in expenditure on specific contracts, even though the activity they deliver may fit with the new Strategy. This will allow reinvestment in services that will have a greater impact, for example the potential to save £100,000 from the community capacity building budget. Tier 0, community capacity building, is at the heart of the Target Operating Model for the Strategy. This will be developed through the refresh of the Communities Strategy and by considering the expansion of Local Area Coordinators, an explicit recommendation of the review. A business case is being developed to consider how best to deliver Local Area Coordination, drawing on the learning of the pilot and requirements of funders across the public sector in Leicestershire.

Growth

70. Over the period of the MTFS, growth of £25.1m is required to meet demand and cost pressures with £7.0m required in 2017/18. The main elements of growth are:

- Children and Family Services (£3.9m). This is mainly due to pressures on the placements budget from additional service users.
- Adult Social Care (£13.3m). This is largely the result of increasing numbers of people with learning disabilities and an ageing population with increasing care needs. One-off growth of £2.1m is included in 2017/18 funded from the Adult Social Care Support Grant (net of the New Homes Bonus Grant reduction). The use of this grant is to be determined by the department.
- Highways and Transportation. Growth of £2.9m for Special Educational Needs (SEN) Transport is offset by the removal of 2016/17 time-limited growth for highways maintenance (-£3m) and SEN Transport (-£0.7m).

- Environment (£2.7m), which is mainly attributable to Landfill Tax and projected increases in household waste due to population and economic growth.
- Corporate Growth (£3m). This has been included to provide for potential further cost pressures on children's and adults' social care budgets.

71. Details of proposed growth to meet spending pressures are shown in Appendix C to this report.

Inflation

72. The Government's preferred measure of inflation is the Consumer Price Index (CPI). In December 2016 this was 1.6% and the Office for Budget Responsibility (OBR) predicts it will increase to around 2.3% in 2017/18 and to 2.5% in 2018/19 before reducing to 2.1% in 2019/20 and 2.0% in 2020/21. The OBR predicts that the Retail Prices Index (RPI) will increase from its current level of 2.5% to around 3.2% in 2017/18 and to 3.5% in 2018/19 and then reduce to 3.2% in 2019/20 and 3.1% in 2020/21. The draft MTFS assumes 3% per annum inflation over the period 2017/18 to 2020/21. However, the Council's cost base does not always reflect these household inflation measures, for example energy and fuel increases have a much more significant impact on its procurement. More recently social care costs have been driven up by the introduction of the National Living Wage, for which an additional provision has been made.

73. The most recent pay settlement, for local government employees, was agreed to cover the two years 2016/17 and 2017/18. There are higher increases for the lowest pay points (to reflect the National Living Wage) and 1% per annum increases on the remaining pay points. Future levels of pay settlement will be determined by national negotiation between the Local Government Employers and the Trade Unions. An allowance of 2.0% has been included in the MTFS for pay awards from 2018/19 onwards.

74. The central inflation contingency includes provision for an increase in the employer's pension contributions subject to the results of the 2016 triennial actuarial revaluation of the Pension Fund. An increase of 1% has been assumed for each year of the MTFS.

75. The Government is introducing an Apprenticeship Levy from April 2017 and the inflation contingency provides £1m for the forecast impact of the Levy.

76. Although detailed service budgets for 2017/18 have been compiled on the basis of no pay or price increases, a central contingency for inflation will be held which will be allocated to services as necessary.

Central Items

77. Central items are shown in detail in Appendix E. Bank and other interest is budgeted at £1.6m in 2017/18 falling to £1.5m during the period of the MTFS. This reflects the expectation that Bank of England base rates will remain at a low level for the foreseeable future.

78. Capital financing costs are expected to decrease to £19.7m per annum in 2020/21 (from £24.1m in 2016/17) mainly as a result of the proposed change to the minimum revenue provision outlined below.

79. Capital financing costs include debt interest on loans outstanding and an amount set aside to repay debt principal on maturity, called the minimum revenue provision (MRP). The current policy is to charge MRP on borrowing supported by the Government at a rate of 4% per annum. This equates to approximately £10m per annum. The 4% relates to the rate at which the Government provided support to the Authority through RSG.

80. Following changes to the legislation governing MRP and the reductions in RSG it is no longer possible to demonstrate that Government support is maintained at 4% per annum. This allows the annual MRP charge to be rebased to a period more commensurate with the useful service life of the assets purchased.

81. A high level review shows that based on the average remaining economic life of assets held it is possible to revise the MRP calculation to circa 2.5% per annum which would reduce the MRP charge by circa £3.5m to around £6.5m per annum. It should be noted that a revised approach does not change the overall amount of MRP payable, the same amount is simply repaid over a longer period of time. A saving of £3.5m has been included in the MTFS from 2018/19.

82. The budget includes time-limited provision for revenue funding of capital expenditure of £16.9m in 2017/18, £4.0m in 2018/19 and £0.8m in 2019/20 and 2020/21 to fund investments that achieve revenue savings and also to avoid the need to undertake prudential borrowing.

Health and Social Care Integration

83. Health and Social Care Integration is a priority for both the County Council and the NHS. Developing effective ways to co-ordinate care and integrate services around the person is seen nationally and locally as key to improving outcomes and ensuring high quality and sustainable services for the future. The Government's expectation is that every part of the country has a plan for health and social care integration by 2017 to be implemented by 2020. Notwithstanding the absence of national guidance local opportunities to achieve the overall goal of integration continue to be pursued, recognising its importance to the people of Leicestershire. Initiatives being developed and/or implemented at this time include:

    - Integrated Health and Social Care Locality Teams
    - Help to Live at Home
    - Integrated Point of Access
    - Integrated Discharge.

84. NHS planning guidance reinforces the progression of the health and care integration agenda including via Sustainability and Transformation Plans (STPs) which need to demonstrate how the new models of care proposed in the NHS

England Five Year Forward View will be accelerated and implemented. The local STP is for Leicester, Leicestershire and Rutland (LLR).

85. The Better Care Fund (BCF) is a pooling of health and social care resources to support the provision of integrated services. Delivery of the BCF Plan has traditionally been based on 4 themes:

- Unified prevention offer
- Integrated, proactive care for those with long term conditions
- Integrated urgent response
- Hospital discharge and re-ablement.

86. The BCF plan for 2017/18 is currently being prepared and the themed approach above is being reviewed as part of this process.

87. Detailed policy framework guidance for the BCF for 2017/18 has yet to be issued, so it has been assumed that Leicestershire's BCF allocation will remain unchanged at £39m for 2017/18 and budgets are being refreshed on this basis.

88. When the guidance is received, the assumptions made in compiling the budget for the BCF will be revised accordingly. The initial refresh discussions have identified approximately £3m of financial pressures. The increase in the Disabled Facilities Grant, above 2015/16 levels, is unfunded and will require £1 million of savings to be identified if resources are not returned by District Councils. The CCGs are under similar financial pressures, to the County Council, and they have requested that £2m of savings are found within the BCF to help alleviate their financial position. The services funded by the BCF are currently being reviewed to identify the scope for savings. Some of the additional growth, funded by the Adult Social Care Support Grant, could be used to alleviate the issue caused by the Disabled Facility Grant if sufficient savings are not found.

89. Part of Leicestershire's BCF allocation has been allocated towards the protection of adult social care services. This is currently £17m and the same amount has been included in the budget for 2017/18 to ensure that the needs of the most vulnerable residents are met. Approximately £7m of additional BCF funding is earmarked for other social care components of the BCF plan. A reduction in any of this funding will increase the savings above the level proposed in the draft MTFS.

90. The 2015 Spending Review set out the Government's intention to increase social care funding through the BCF, which should translate into an additional £11m of funding for the County Council by 2019/20. However, due to reductions in the New Homes Bonus and the additional £500m for Disabled Facilities Grants, the net benefit is significantly less. This funding has not been included in the proposed MTFS as no guidance has been provided by Government.

91. In the LLR local health and social care economy, a funding gap of £400m by 2020/21, has been identified if no action were to be taken on how current services are being delivered and demand managed.

92. The STP aims to address the way in which health and care services are delivered to meet the needs of the local people, while at the same time ensuring that the current financial pressures faced are effectively managed. The five-year plan has identified five key strands for change to meet these challenges. The five key strands include the development of:

- New models of care focused on prevention, and moderating demand growth, including place based integrated teams, a new model for primary care, effective and efficient planned care and an integrated urgent care offer.
- A reconfiguration of hospital based services, subject to consultation.
- Redesigned pathways to deliver improved outcomes for patients and residents.
- Operational efficiencies - to support financial sustainability.
- Getting the enablers right - including workforce; technology; estates; and health and social care commissioning integration.

93. As interventions are focussed towards prevention, avoided hospital admissions, a ‘home first’ model of care and greater integration across social care, community health care and primary care, it has been recognised that this will affect demand for social care support, public health interventions and community services.

94. The full implications of the strategy for the County Council need to be identified and addressed in order to manage the increased pressure on resources and to allow for planning to meet this additional demand. To date there are no additional County Council funds identified to resource this. However, there is a commitment to ensure a system wide response, by all partners, to meeting changes in demand across the sector that may enable further funding transfers from the NHS to local authorities with social care responsibilities.

Other Grants and Funds

95. There are a number of other specific grants that are included in the MTFS, none of which are protected by the four-year settlement, for example:

- Public Health – 2017/18 allocation of £25.5m was announced in December 2016, in line with expectations.
- Skills Funding Agency – £4m in 2016/17, no details have been received for 2017/18.
- Section 31 Business Rates (Government funding for 2% cap on business rates growth and other Government measures) – an estimate of £1.5m has been included in the MTFS.
- Independent Living Fund. The grant totalled £1.3m in previous years and this is expected to continue per DCLG indications earlier this year.
- Extended Rights to Free Travel – an estimate of £0.4m has been included.
- Ministry of Justice Grants – details not yet known.
- Education Support Grant – the Spending Review indicated a national £600m reduction in future years. The MTFS includes an estimate of £2.2m for 2017/18, but assumes that this grant will not be available for future years.
- New Homes Bonus – £3.9m in 2017/18 and forecast to reduce in later years.

- Pupil Premium Grant, estimated £6.3m – passported to schools to raise attainment.
- Universal Infant Free School Meals, estimated £4.1m – funding passported to schools to offer free school lunch to pupils in reception, year 1 and year 2 from September.

Budget Consultation

96. A consultation has been undertaken on the proposals within the draft MTFS approved by the Cabinet for consultation on 13th December 2016. The consultation asked for views on the savings plan and the appetite for Council Tax increases. A report on the outcome of the consultation is attached as Appendix M.

Results of Scrutiny Process

97. The Overview and Scrutiny Committees and the Scrutiny Commission received detailed reports on the revenue budget and capital programme proposals, which can be viewed via the County Council's website (www.leicestershire.gov.uk). Appendix N sets out the comments arising from meetings of Scrutiny bodies.

Dedicated Schools Grant Settlement 2017/18

98. For 2017/18 the Dedicated Schools Grant (DSG) remains in three separate blocks. However, the basis for each block has changed. The Department for Education (DfE) undertook a 'baseline' exercise early in 2016 in preparation for the expected introduction of the schools national funding formula which results in the school and the high needs bocks adjusted to reflect actual expenditure rather than historic patterns of spend. The early years block reflects the introduction of the early years national funding formula in April 2017.

Funding Block	Areas Funded	Basis for Settlement
Schools Block £368.3m	This block funds delegated budgets for all Leicestershire primary and secondary schools and academies and also the two studio schools in Leicestershire. Funding for academies is recouped from the settlement and paid directly to the academy by the EFA.	The Schools Block Unit of Funding (SBUF) is £4,156.59 and based upon the pupil numbers recorded in the October 2016 schools census. Leicestershire is the 3rd lowest funded for this element of the settlement out of 151 authorities and compares to an England average of £4,618.63. This block reflects the funding provided through school delegated budgets in 2016/17.

High Needs Block £63.2m	Funds special schools and other specialist providers for high needs pupils and students, the pupil referral unit and support services for high needs pupils including high needs students in further education provision.	The settlement is based upon local authorities expenditure for 2016/17. As the settlement is not based upon pupil / student numbers there is no national comparator against which to measure relative funding. However, converting the settlement to a per pupil basis using pupil data in the other elements of the DSG settlement places Leicestershire 48th lowest funded at £712.82 against an England average of £863.04.
Early Years est. £28.0m (3 & 4 year olds) 2 year old disadvantaged places £3.2m (est.)	Funds the Free Entitlement to Early Education (FEEE) for 2, 3 and 4 year olds and an element of the early learning and childcare service.	From April 2017 the early years national funding formula is implemented and the allocation is now based on individual pupil characteristics. Leicestershire is one of 48 local authorities receiving the lowest rate of £4.30 per hour, this however is an increase of 13.5% from the equivalent 2016/17 rate.
£462.7m	2017/18 Estimated DSG (Early Years estimates)	

Schools Block

99. It was anticipated that the Schools Block DSG and delegated school budgets would be generated through the implementation of the National Funding Formula (NFF) from April 2017. The DfE has confirmed that the NFF has been delayed until April 2018 through a consultation launched in December which sets out the proposals in more detail. A response to the consultation is being formulated and will be considered by the Cabinet and Scrutiny.

100. Funding rates within the Schools Block have remained unchanged since 2015/16. Schools will not receive any increase in funding to meet inflationary pressures such as pay, national insurance and pension inflation nor for additional costs such as the Apprenticeship Levy. Both maintained schools and academies are reporting financial pressures, especially where schools are affected from reducing numbers as a result of age range changes.

101. It has been confirmed that the Minimum Funding Guarantee (MFG) will remain at minus 1.5% per pupil. MFG is calculated at pupil level and provides protection from the change in the underlying data within an individual school budget but does not protect against falls in pupil numbers. Schools with falling rolls may see cash reductions in budgets in excess of 1.5%.

102. A Schools Funding Formula Review working group consisting of headteachers, governors and school business managers has reviewed the school funding formula within the constraints of the funding settlement and the transition to the NFF and no changes to the formula are proposed for 2017/18.

103. Headroom within the Schools Block settlement is confirmed at £2.85m, this will be transferred to meet the increased financial pressure in High Needs.

104. The Schools Funding Formula Review Group considered the allocation of the headroom to high needs. The group did not agree with the proposal to allocate the totality of the headroom to high needs and requested that the local authority use some of this to address a funding disparity at Key Stage 3 with the rates within the Leicestershire school funding formula being significantly below those used by comparator authorities.

<u>High Needs Block</u>

105. The 2017/18 DSG settlement confirms the baselining of the 2016/17 £7.2m transfer from the Schools Block to High Needs, and it is also confirmed that the proposed transfer of a further estimated £2.85m is permissible for 2017/18. It is recommended that the Cabinet approves the proposed transfer. This additional transfer may only provide temporary mitigation against rising costs, as the DfE will undertake an exercise to determine whether it considers that this is appropriate.

106. The DfE published the High Needs settlement in July at £61.88m. The final settlement in December confirmed DSG at £63.16m which includes an uplift to the grant on the basis of population growth, significant financial pressures however remain. The position has been updated for the latest available information:

	2016/17 Forecast £,000	2017/18 Budget £,000	2018/19 Budget £,000
Placement Costs	54,015	54,950	56,646
Estimated Placement Growth		1,800	1,900
Other High Needs Expenditure	9,074	10,118	9,672
Total High Needs Expenditure	**63,089**	**66,868**	**68,218**
Funded By;			
Dedicated Schools Grant – High Needs	-52,761	-61,463	-61,463
Dedicated Schools Grant – Schools Block	-7,151	-2,850	-2,850
6th Form Grants – Special Schools	-860	-860	-860
Proposed Savings			
SEN Placements		-875	-1,645
Other savings		-820	-1,400
Forecast Overspend, funded from DSG Reserve	-2,317	0	0
Cost to Local Authority Budget	0	0	0

107. A further consultation on the movement to a formulaic basis for High Needs DSG was issued by the DfE in December and suggests that Leicestershire would receive £2.8m less under the formula when compared to the 2016/17 baseline. However, the consultation proposes that no local authority will lose funding for 4 years. Whilst this prevents a short term “funding shock” preparations need to be made for when the alignment with the formula happens.

108. The uncertainty over funding levels and any further increase in cost and demand will need to be factored into the Special Educational Needs and Disability (SEND) strategy and specifically the transformation project to reduce the level of SEN expenditure.

109. To respond to the need to reduce high needs expenditure a number of savings are proposed:

- Review of Specialist Teaching Services - £790,000 in 2017/18, rising to £1,350,000 in 2018/19.
- Reduced Cost and Demand for SEN Placements - £725,000 in 2017/18 rising to £1,495,000 in 2018/19.
- Review of Budget Allocation for Oakfield Pupil Referral Unit - £30,000 in 2017/18 rising to £50,000 in 2018/19.

110. If expenditure cannot be contained within the available grant then other resources will need to be diverted to fund the shortfall. For 2016/17 the forecast £2.0m overspend can be funded from DSG earmarked funds. This approach will not be possible in future years, as the remaining DSG earmarked funds are fully committed.

Early Years Block

111. From April 2017 the DfE will introduce the National Early Years Funding Formula (EYFF) which changes both the methodology used to generate local authority funding, the basis upon which nursery education providers are funded and requires local authorities to 'passport' 95% (93% in 2017/18) of funding to providers.

112. A further change to the funding mechanism for maintained nursery schools is implemented through the introduction of the EYFF and it will no longer be permissible to fund maintained nurseries at a higher rate than other providers. This will result in reduced funding for the Countesthorpe Nursery, which currently receives £6.80 per hour compared to £3.58 - £ 3.65 for private, voluntary and independent providers.

113. The nursery is run by the Headteacher and Governors of Greenfield Primary School, Countesthorpe, which is a large 630-place, maintained school located nearby. The Headteacher, Governing Body and staff at the Nursery are keen to relocate and operate it as a governor-run provision rather than a maintained nursery. They are working with the County Council to implement this scheme through the statutory process which commenced on 3 January with a public consultation on the proposed change. All parties involved see this as a positive step towards safeguarding the future of the Nursery.

114. Following consultation it is proposed that the 2017/18 rates within the Early Years National Funding Formula will be:

	Per Hour
3 and 4 Year Base Rate	£3.97
3 and 4 Year Deprivation top-up	£0.04 - £0.08
3 and 4 Special Needs top-up	£6.99
2 Year Old Base Rate	£4.93
2 Year Old Special Needs top-up	£6.99

115. The Free Entitlement to Early Education (FEEE) for 3 and 4 year olds will increase from 15 to 30 hours for eligible parents in September 2017. The DfE is requesting local authorities to consider whether they will be in a position to make the extended offer available from April and this is being considered. The Early Learning and Childcare Service is working with providers to support this expansion.

Adequacy of Earmarked Funds and Robustness of Estimates

116. The Local Government Act 2003 requires the Director of Finance to report on:

a) The adequacy of reserves, and
b) The robustness of the estimates included in the budget.

117. This is the eighth austerity budget for the County Council. The financial environment continues to be challenging with a number of known major risks over the next few years. These include:

- Non-achievement of savings and income targets. The requirement for savings and additional income totals £66m over the next four years of which £23m is unidentified. Successful delivery of savings is dependent upon a range of factors, not all of which are in the control of the County Council.

- The financial positions of Health and Social Care are intrinsically linked. In common with the County Council the Clinical Commissioning Groups (CCGs) are struggling to produce a balanced budget, although their problems may be more pressing. The implications for the County Council could be reductions in the funding received through the BCF (£20m +) and additional costs as a result of changes in the NHS, such as the Transforming Care programme that will move more care into the community.

- Service pressures resulting in an overspend, including demand-led children's and adult social care.

- Even though four-year settlements have been announced the Government will consult on changes such as New Homes Bonus and Business Rates Localisation in 2017/18. The strength of the economy dictates the funding of the public sector. There are some concerns that world growth is slowing with implications for UK growth and tax revenues.

- Financial provision has not been made for unaccompanied asylum seeking children under the National Transfer Scheme. This financial risk is in the region of £2m should the Secretary of State make the scheme mandatory.

- The increasing reliance on income generated from services in other parts of the public sector. Given the much tighter financial environment for the sector it will be challenging to maintain or keep increasing income.

- Inflation has been consistently below the Bank of England's 2% target for three years. Following the dramatic fall in the value of sterling inflation is expected to increase significantly passing the targeted level in 2017. This will have a direct impact on the cost of goods and services procured by the County Council and could also influence the rate at which the National Living Wage increases.

- Coinciding with the end of the current Parliament, 2020 is a year which could see the biggest changes to local government for a generation. The following initiatives, that lack any real detail, are all planned to be implemented in that year:

  (a) Postponed Care Act measures, including the cap on individual contributions.
  (b) 100% Business Rate retention, including significant new responsibilities.

(c) Fair Funding Review, covering redistribution of funding nationally.
(d) Health Integration plans implemented.

118. There are a number of ways that risks will be mitigated and reduced. These are summarised below and explained in more detail in the following paragraphs:

- General County Fund
- MTFS Contingencies
- Earmarked funds
- Effective risk management arrangements.

General County Fund / MTFS Contingencies

119. The General County Fund balance is available for unforeseen risks (e.g. extreme flooding). The forecast balance on the General County Fund (non-earmarked fund) at the end of 2016/17 is £14.8m which represents 4.3% of the net budget (excluding schools' delegated budgets). To put the level of resources into context: with the exclusion of schools, the County Council spends nearly £50m a month. The current policy is to hold a balance on the General County Fund in the range of 4% - 5%.

120. There is a very real potential for the County Council to encounter a significant on-going issue for which no specific financial provision has been made. This is evidenced by the emergence of several authorities who are facing real difficulties in balancing their budget in a sensible way. To reduce the potential for the County Council to fall into this category the MTFS includes a contingency for risks and uncertainties of £4m in 2017/18 rising to £8m from 2018/19. The lower contingency in the first year is to reflect the greater, comparative, level of comfort over the financial assumptions. Examples of requirements of the contingency are set out in paragraph 117.

Earmarked Funds

121. A detailed review of the Council's earmarked funds was undertaken and reported to the Scrutiny Commission on 30 November 2016. As part of the MTFS this work has been refreshed as at the end of December 2016. The estimated balance as at 31st March 2017 is £83.7m excluding schools and partnerships, details of which are shown in Appendix J. The final level of earmarked funds will be subject to the actual expenditure and any partner contributions, e.g. health funding arrangements and specific grants.

122. These earmarked funds and balances are held for specific purposes. The main earmarked funds and balances projected at 31st March 2017 are:

(a) Capital Financing (£35.0m). This fund is used to hold MTFS revenue contributions to fund capital expenditure in future years including the Street Lighting LED replacement project and investment decisions agreed by the Cabinet on 11th October 2016.

(b) Transformation (£19.3m). The fund is used to invest in transformation projects to achieve efficiency savings and also to fund severance costs.

(c) Insurance (£19.3m). Funds are held to meet the estimated cost of future claims to enable the County Council to meet excesses not covered by insurance policies. The levels are informed by recommendations by independent advisors. The earmarked fund also includes funding for uninsured losses (£7.4m). This is mainly held to meet additional liabilities arising from Municipal Mutual Insurance Ltd (MMI) that is subject to a run-off of claims following liquidation in 1992 and also of other failed insurers such as The Independent Insurance Co. Limited.

(d) Broadband (£5.5m). This fund was established to allow the development of super-fast broadband within Leicestershire. The funding is expected to be spent in 2017/18 and 2018/19.

(e) Pooled Property Funds (-£20m). Investment in Pooled Property Investment funds against the overall level of forecast earmarked funds. The investment will generate higher financial returns than the funding held as cash balances. The investments can be realised when the funding is needed.

123. The extent to which the earmarked funds and balances will be used in the medium term has also been estimated. The MTFS includes using earmarked funds and balances totalling £67m over the next four years and the main areas are summarised below:

- £34.8m Capital Financing Contributions
- £17.8m Transformation
- £5.5m Investment in Broadband
- £1.7m Supporting Leicestershire Families
- £1.5m Investment in waste infrastructure capital works.

124. KPMG, the County Council's external auditor, has reviewed the level of earmarked and uncommitted funds held by the County Council, as part of its Value for Money review of the 2016-20 MTFS. It reported that given the uncertainties and risks that lie ahead the overall level of earmarked and non-earmarked funds held is appropriate for the size of the organisation.

Risk Management Policy and Strategy

125. The Risk Management Policy and Strategy is set out in Appendix H to this report.

126. The policy will be reported to the Corporate Governance Committee on 17th February 2017 for comment. It is proposed that the Director of Finance is authorised to amend the policy as necessary following consideration by the Corporate Governance Committee.

School Balances

127. Schools balances are held for two main reasons. Firstly, as a contingency against financial risks and secondly, to save to meet planned commitments in future years. The balance at 31st March 2016 was £11.8m. The balance at 31st March 2017 will be affected by the number of schools converting to Academies.

Robustness of Estimates

128. The Director of Finance provides detailed guidance notes for Departments to follow when producing their budgets. As well as setting out certain assumptions such as inflation, these notes set a framework for the effective review and compilation of budget estimates. As a result, all estimates have been reviewed by appropriate staff in departments. In addition, each Departmental Finance Business Partner has identified the main risk areas in their budget and these have been evaluated by the Director of Finance. The main risks are described earlier in the report.

129. All savings included in the MTFS have had an initial deliverability assessment so that a realistic financial plan can be presented. Saving initiatives that are at an early stage of development, or require further work to confirm deliverability have not been included in the MTFS.

130. The Cabinet and the Scrutiny Commission receive regular revenue and capital monitoring reports, budget and outturn reports and external audit reports. In addition, further financial governance reports are considered by both the Corporate Governance Committee and the Constitution Committee. This comprehensive reporting framework enables members to satisfy themselves about both the financial management and standing of the County Council.

Conclusion

131. Having taken account of the overall control framework, budget provisions included to support the delivery of transformation, growth to reflect spending pressures, the inclusion of a contingency for MTFS risks and the earmarked funds and balances of the County Council, assurance can be given that the estimates are considered to be robust and the earmarked funds adequate.

132. It is worth noting that last year, the County Council’s external auditor, KPMG, in its Value for Money work concluded that: “We have concluded that the Authority has made proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people”.

Concluding Comments

133. The Autumn Statement confirmed the widely expected continuation of austerity. There is little doubt that this will directly affect the County Council by increasing the funding reductions faced. Combining this with the deepening financial crisis in the NHS, proposed funding reforms in education and local government, and the expected transfer of new responsibilities to the County Council, strongly suggests that the biggest challenges lie ahead.

134. The financial position of the County Council reflects the fact that income is simply not keeping up with demands on the budget. These demands primarily relate to both a growing and ageing population and a large increase in school age children which put huge demands on social care and SEN services.

135. The delivery of the MTFS will be challenging. Some local authorities, which are better funded than Leicestershire, are already in serious financial difficulties. The focus on Leicestershire's finances over the past few years, including taking tough decisions on service reductions, has put the Council in a relatively sound position. The focus on medium term financial planning and strong financial discipline will need to be maintained.

136. The delivery of this MTFS rests on three factors:

- The first is the absolute need to deliver the savings in the MTFS. The key risks are the technical difficulty of some projects such as the Digital Council and the public acceptance of some savings.
- The second factor is the need to have very tight control over demand-led budgets in children's and adults' social care. Any overspends will put the County Council in a very difficult position with a need to make immediate offsetting savings.
- Finally, the County Council needs to manage other risks that could affect its financial position. These include costs currently being borne by the NHS shifting to local authorities and loss of trading income.

137. The County Council will be a very different organisation by 2021. It needs to be much more innovative, risk aware and commercial in its approach. The plan is deliverable and the MTFS can be balanced over the medium term.

Treasury Management Strategy Statement and Annual Investment Strategy

138. The Treasury Management Strategy Statement and the Treasury Management Annual Investment Strategy must be approved in advance of each financial year by the full Council. Appendix L to this report sets out the combined Treasury Management and Investment Strategy including the Treasury Management Policy Statement for 2017/18.

139. Recent comments by the Governor of the Bank of England suggests that he is in no hurry to increase interest rates, although the consensus forecast is that the first rise will occur in mid-to-late 2017 and be followed by a series of slow but steady increases in the years after that. The timing and extent of increases is highly dependent on economic growth in not just the UK but also the rest of the world – the extent of the economic slowdown in China (the world's second largest economy) and how it deals with this may well be the most influential factor.

140. Base rates were reduced to 0.25% in August 2016, due to fears of an economic slowdown caused by Referendum outcome. This slowdown has not yet materialised, although the triggering of Article 50 and a potentially prolonged and difficult set of negotiations may still cause one.

141. Actual debt is currently £275m and is expected to reduce to £263m at the end of 2020/21. No new borrowing is included within the MTFS 2017-2021.

142. The Council continues to maintain a low risk approach to the manner in which its list of authorised counterparties is produced, and takes advice from Capita Asset Services on all aspects of treasury management.

Capital Programme 2017/18 to 2020/21

143. The draft capital programme totals £180.8m over the four years 2017-21 and is shown in detail in Appendix F. The programme is funded by a combination of Government grant, external grants, capital receipts and contributions from revenue balances and earmarked funds. There is an unallocated balance of funding of £16.7m, which will be available for future capital schemes. This funding can be brought forward in the four-year capital programme and equates to approximately £4m per year.

144. The draft programme and funding is shown below:

Draft Capital Programme 2017-21

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
Children and Family Services	18,989	18,214	tbc	tbc	37,203
Adults and Communities	3,740	4,225	3,000	3,000	13,965
E&T - Transportation	30,980	23,700	15,028	14,945	84,653
E&T - Waste Management	300	400	265	150	1,115
Chief Executive's	100	100	100	100	400
Corporate Resources	2,885	3,210	1,110	825	8,030
Corporate Programme	16,100	11,700	5,130	2,520	35,450
Total	73,094	61,549	24,633	21,540	180,816

Capital Resources 2017-21

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
Grants	36,329	38,536	19,128	18,645	112,638
Capital Receipts from new sales	6,683	5,490	2,662	2,662	17,497
Revenue/Earmarked funds	11,726	16,247	2,843	16,971	47,787
Capital Earmarked funds/ External Contributions	18,356	1,276	0	0	19,632
Total	73,094	61,549	24,633	38,278	197,554

145. The capital strategy is set out in Appendix G. The overall approach to developing the capital programme has been based on the following key principles:

- To invest in a limited number of priority areas including roads, infrastructure, economic growth and projects that generate positive revenue returns.
- Passport Government capital grants received for key priorities for highways and education to those departments.
- Maximise the achievement of capital receipts.
- Maximise other sources of income such as bids to the LLEP, Section 106 developer contributions and school contributions.
- No or limited prudential borrowing.

146. Where capital projects are not yet fully developed or plans agreed these have been included under the heading of ‘Future Developments’ under each departmental programme. It is intended that as these schemes are developed during the year they are assessed against the available resources (£16.7m) and included in the capital programme as appropriate.

147. The schemes included as future developments which could exceed the estimated available resources. Prioritisation of the schemes will be needed together with consideration of additional funding options available, for instance any underspends in the MTFS.

148. To enable flexibility, it is recommended that the Director of Finance, following consultation with the Lead Member for Corporate Resources, is authorised to approve the inclusion of capital schemes shown as future developments in the capital programme, subject to available resources. The decisions will be reported to the Cabinet and Scrutiny Commission in the next MTFS monitoring report.

Changes to the draft Capital Programme proposed in December 2016

149. The unallocated balance of funding available (for funding for future developments) has increased from £9.7m in December 2016 to £16.7m. The change (£7m) is due to:

- Period 8 MTFS 2016/17 revenue budget underspend, +£6.1m
- Increase in revenue funding of capital, MTFS 2017-21, +£3.9m
- Less, investment in Score+ energy efficiency programmes, -£3.0m.

150. The following expenditure changes have been made to the programme:

Environment and Transport

- Strategic Economic Partnership, £0.8m. LLEP grant for Hinckley Area Approach (expenditure already included) will increase the resource available for match funding/advanced design.
- Melton Mowbray Eastern Distributor Road, £2.8m. New grant from the LLEP local major transport schemes programme to develop a business case for the proposed new road.
- National Productivity Investment Fund, £2.7m. New Department for Transport (DfT) grant.

Corporate Programme

- Energy Efficiency, Score +, £3m. Investment in energy efficiency programmes, for schools and academies, to reduce energy emissions and generate future revenue savings, funded from the discretionary capital programme

Funding and Affordability

Capital Grants

151. Grant funding is the largest source of financing for the capital programme and totals £113m across the 2017-21 programme. The majority of grants included in the programme are awarded by Government departments including the Department for Education (DfE), the Department for Transport, the Department of Health (DoH) and the Department for Culture, Media and Sport (DCMS). Other grants include funding from the LLEP. While Government grants are allocated by specific central government departments, they are not ring-fenced. It is noteworthy that Government policy to award grants increasingly favours areas with a devolution deal in place or which have a unitary structure.

Children and Family Services

152. Capital funding for schools is provided by the DfE as follows:

a) Basic Need – this grant provides funding for new pupil places by expanding existing maintained schools, free schools or academies and by establishing new schools. Funding is determined through an annual submission to the DfE which identifies the need for additional school places in each local authority. The DfE has previously announced details of the grant awards for 2017/18 (£4.5m) and 2018/19 (£16.9m). No details have been announced for future years and therefore these are not included in the programme at this stage.

b) Condition – this grant provides the maintenance funding for the maintained school asset base. Details of the grant for 2017/18 and future years have not yet been announced. For 2017/18 an estimate of £2.8m has been included in the capital programme. It is expected that this grant will continue but will reduce as further schools convert to academy status.

c) Devolved Formula Capital (DFC) - funding provided to schools. The DfE has not yet announced details of grant allocations. However, an estimate can be made based on the number of maintained schools which totals £0.7m for 2017/18. No estimates have been included for future years, but the grant is expected to continue.

Environment and Transport

153. The DfT has informed local authorities of the amounts they will receive in capital grant for the Local Transport Plan (LTP). The LTP has two elements:

a) Improvement Schemes. Grant funding of £10.9m has been included across the four-year programme. In December 2014 the DfT announced grant funding of £2.7m for 2017/18 together with indicative amounts of the same value per annum for 2018/19 to 2020/21.

b) Maintenance funding. Grant funding of £47.0m has been included in the four-year programme. As with the improvement schemes grant, the amounts were previously announced by the DfT; £12.6m for 2017/18 with indicative allocations of £11.4m per annum for the three years 2018/19 to 2020/21.

154. Other DfT capital grants included are:

- DfT Incentive Fund £4.6m – the DfT has set aside funding to help reward local authorities which can demonstrate they are delivering value for money in carrying out cost effective improvements. The DfT requires each local authority to complete a self-assessment questionnaire to demonstrate that efficiency measures are being pursued. The amount included is prudently estimated to be that applicable for a score at Level 2 (out of 3). However, a programme of work is being undertaken within the Environment and Transport department to develop a more strategic approach to Highways Asset management which it is hoped will lead to Level 3 being achieved for 2018/19.

- DfT Pothole Fund £3.3m – the DfT has confirmed an allocation of £1.1m for 2017/18. An estimate of £0.7m has been included for 2018/19 to 2020/21.

- DfT National Productivity Investment Fund £2.7m - to cover easing congestion, unlocking growth (jobs and housing) and improving maintenance of local highways assets. A programme of work is being developed. (A further £740m will be available nationally from 2018/19 which will be allocated through a competitive process yet to be determined).

- LLEP Large Local Major Transport Schemes £2.8m - funding specifically to develop a business case for the Melton Mowbray Eastern Distributor Road. The amount of grant is an indicative allocation; however the precise level and timing of grant will not be confirmed until later in the financial year.

Capital Receipts

155. The generation of capital receipts is a key priority for the County Council. The draft capital programme includes an estimate of £17.5m of capital receipts from new sales by 2020/21. This includes asset sales that are subject to planning permission. In these cases the value of the site is significantly increased where planning permission is approved. However, this also comes with a significant amount of uncertainty and potential for delays. For planning purposes an estimate of 20% of the estimated gross capital receipts value has been used in the estimated capital receipts.

Revenue / Earmarked Funds

156. The capital strategy recognises the need to avoid prudential (unsupported by government) borrowing in order not to increase levels of debt and associated financing costs. A total of £47.8m has been included in the draft programme funded from one-off MTFS revenue contributions and revenue earmarked funds. The largest contributions are from planned MTFS contributions 2017-21 (£22.5m) and MTFS underspends in 2016/17 and previous years held for future capital expenditure (£22.4m).

Capital Earmarked Funds

157. A total of £19.6m is included in the funding of the capital programme 2017-21 from section 106 developer contributions, re-profiled capital grants and capital receipts received in previous years to fund capital commitments brought forward.

Prudential Borrowing

158. The Council is able to finance new capital expenditure by undertaking unsupported borrowing. The financing costs of undertaking borrowing, often from the Public Works Loans Board, are charged to the revenue account and are funded by the Council. By using other sources of funding, capital receipts and one-off revenue contributions, no prudential borrowing is included in the funding of the 2017-21 programme. The County Council's current level of debt is £275m and costs circa £23m in capital financing costs each year. If the Council were to undertake prudential borrowing to increase resources then this would result in increased revenue costs of circa 7% per annum of the amount borrowed.

Departmental Programmes

Children and Family Services

159. The draft programme totals £37.2m over the two years 2017/18 to 2018/19. The priorities for the programme are informed by the Council's School Place Planning Strategy and include the provision of additional accommodation where additional pupil places are needed (£22.1m), completion of a new primary school in Birstall (£3.2m), completion of a new area special school in Wigston (£4.2m) and school improvements (£2.8m).

160. The programme also includes £3.0m to invest in opportunities to address structural changes to the pattern of education where this can be linked to basic need.

Adults and Communities

161. The draft programme totals £14.0m. The main areas of the programme are the Better Care Fund (BCF) Grant programme (£12.0m), which is passported to District Councils to fund major housing adaptations in the County for vulnerable people to stay safely in their own home and £1.0m investment in SMART libraries (to enable self-service) subject to a successful pilot scheme.

Environment and Transport (E&T)

162. The transportation programme totals £84.7m over the four years 2017-21. The main areas are:

- Transport Asset Management Programme - £42.5m. Ensuring transport assets such as roads and footways are well managed. The programme includes an adjustment in each year of circa £3m reduction in respect of a substitution of capital funding to offset revenue expenditure. This supports the delivery of revenue savings in the E&T Department.
- Street Lighting LED replacement programme £14m. Completion of the £19m programme to replace all County Council maintained street lights with LED lighting and a central management system and de-illumination of traffic signs on bollards by the end of 2018/19.
- Match funding Advanced Design - £8.9m. A programme of advanced design works to support future major transport schemes and bids to the DfT and LLEP for funding.
- County Council vehicle programme - £7.0m. To enable a more coordinated and planned approach to managing and maintaining the County Council's fleet of vehicles to minimise whole life costs.

Environment and Transport - Waste Management

163. The programme totals £1.1m and includes drainage and general improvement works at recycling and household waste sites.

Chief Executive's

164. A programme of small Shire Community Grants, costing a total of £0.4m across the four years to 2021 is planned.

Corporate Resources

165. The programme totals £8.0m for 2017-21 with the main priorities for investment being:

- £3.1m investment in the ICT upgrade and replacement programme, including the local and wide area networks.

- Industrial Properties and County Farms, £1.7m for general improvements.
- Snibston and Country Park future strategy, £1.4m has been earmarked for the development of the site.

Corporate Programme

166. The corporate programme totals £35.5m for 2017-21. The main area is the investment in the Corporate Asset Investment Fund (£25.3m) for property and land assets to improve economic development, replace assets sold to generate capital receipts, and generate ongoing revenue returns.

167. The corporate programme also includes investment in the Energy and Water Strategy of £5.3m, to reduce energy consumption across the Council's property estate to deliver ongoing efficiency savings and reduce carbon emissions. The balance of the programme is accounted for by a £4.8m investment in superfast rural broadband to complete phase 2 of the programme across Leicestershire.

Capital Summary

168. Given the declining financial position it is important that the process for developing long term infrastructure plans continues to improve so that the right investment choices are made. Currently longer term infrastructure schemes are not included in the programme. Pressure on school places and Leicestershire's infrastructure is expected from population growth, with estimates of a 12% increase in the County's population by 2030. It is assumed that section 106 and Government funding will be available at the necessary level.

169. By their nature discretionary asset investments, which are made to generate capital receipts or revenue returns, are risky. Whilst this is partially mitigated by the County Council's ability to take a long term view of investments, removing short term volatility, it is likely that not all investment will yield returns in line with the business case.

170. A significant portion of the programme enables revenue savings; delays or unsuccessful schemes will directly affect the revenue position.

Equality and Human Rights Implications

171. 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.

172. Many aspects of the County Council's MTFS may affect 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. Such assessments will be undertaken in light of the potential impact of proposals and the timing of any proposed changes. Those assessments will be revised as the proposals are developed to ensure decision makers have information to understand the effect of any service change, policy or practice on people who have a protected characteristic.

173. Proposals in relation to savings arising out of a reduction in posts will be subject to the County Council's Organisational Change policy which requires an Equality Impact Assessment to be undertaken as part of the Action Plan.

Crime and Disorder Implications

174. Some aspects of the County Council's MTFS are directed towards providing services which will support the reduction of crime and disorder.

Environmental Implications

175. The MTFS will include schemes to support the carbon management programme and other environmental improvements.

Partnership Working and Associated Issues

176. As part of the efficiency programme and improvements to services, working with partners and service users will be considered along with any impact issues, and they will be consulted on any proposals which affect them.

Risk Assessments

177. As this report states, risks and uncertainties surrounding the financial outlook are significant. The risks are included in the Corporate Risk Register which is regularly updated and reported to the Corporate Governance Committee.

Background Papers

Autumn Statement 2016
https://www.gov.uk/government/topical-events/autumn-statement-2016

Final local government finance settlement: England, 2016 to 2017
http://ow.ly/VWzC308x0Bx

Provisional local government finance settlement: England, 2017 to 2018
http://ow.ly/Mn4r308x14j

Report to the County Council on 17 February 2016: "Medium Term Financial Strategy 2016/17 - 2019/20"
http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=4427&Ver=4

Report to the Cabinet on 11 October 2016: “2016/17 Medium Term Financial Strategy Monitoring (Period 5) and Investment Proposals”
http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4606&Ver=4

Report to the Cabinet on 12 January 2016: “Medium Term Financial Strategy (MTFS) 2016-20”
http://cexmodgov1/ieListDocuments.aspx?CId=135&MId=4608&Ver=4

List of Appendices

A: 2017/18 Revenue Budget
B: Four year Revenue Budget 2017/18 to 2020/21
C: Growth and Savings
D: Savings under Development
E: Detailed Revenue budgets for 2017/18
F: Detailed Capital Programme 2017/18 to 2020/21
G: Capital Strategy
H: Risk Management Policy and Strategy
I: Earmarked Funds Policy
J: Earmarked Funds
K: Council Tax and Precept
L: Treasury Management Strategy Statement and Annual Investment Strategy
M: Results of Consultation on MTFS
N: Comments of the Overview and Scrutiny Committees and Scrutiny Commission

APPENDIX A

REVENUE BUDGET 2017/18

	Gross Expenditure				Gross Income				NET
	Base including inflation	Growth	Savings	Gross Expenditure	Base including inflation	Growth	Savings	Gross Income	TOTAL
	£	£	£	£	£	£	£	£	£
Spending									
Services :									
Children & Family Services	279,941,070	1,470,000	-1,770,000	279,641,070	-218,876,070	200,000	-165,000	-218,841,070	60,800,000
Adults & Communities	218,298,940	4,910,000	-5,600,000	217,608,940	-82,455,940	0	-100,000	-82,555,940	135,053,000
Public Health	27,223,520	50,000	-830,000	26,443,520	-27,418,000	650,000	0	-26,768,000	-324,480
Environment & Transport	91,207,800	-1,005,000	-4,315,000	85,887,800	-19,902,000	0	-670,000	-20,572,000	65,315,800
Chief Executives	12,957,180	160,000	-360,000	12,757,180	-2,925,220	0	-95,000	-3,020,220	9,736,960
Corporate Resources	61,942,050	535,000	-1,985,000	60,492,050	-27,684,050	0	-325,000	-28,009,050	32,483,000
	691,570,560	6,120,000	-14,860,000	682,830,560	-379,261,280	850,000	-1,355,000	-379,766,280	303,064,280
Dedicated Schools Grant (Central Dept recharges)	-922,000			-922,000	0			0	-922,000
Carbon Reduction Commitment	355,000			355,000	0			0	355,000
MTFS Risks Contingency	4,000,000			4,000,000	0			0	4,000,000
Contingency for inflation	13,316,000			13,316,000	0			0	13,316,000
	708,319,560	6,120,000	-14,860,000	699,579,560	-379,261,280	850,000	-1,355,000	-379,766,280	319,813,280
Central Items:									
Financing of capital				26,730,000				-3,930,000	22,800,000
Revenue funding of capital				16,850,000				0	16,850,000
Central expenditure			-100,000	3,868,000			-100,000	-425,000	3,443,000
Central grants and other income				0				-13,956,000	-13,956,000
Total Central Items				47,448,000				-18,311,000	29,137,000
Contribution from Earmarked Funds				-1,000,000				0	-1,000,000
Budget Requirement				746,027,560				-398,077,280	**347,950,280**
Funding									
Revenue Support Grant									-19,548,310
Business Rates - Top Up									-37,565,580
Business Rates Baseline / retained									-20,683,520
S31 grants - Business Rates									-1,470,000
Collection Fund net deficit / (surplus)									-5,595,970
Council Tax									-263,086,900
Total Funding									**-347,950,280**
Council Tax									
Council Tax Base									224,404.06
Band D Council Tax									1,172.38
Increase on 2016/17 (£1,127.40)									3.99%

This page is intentionally left blank

APPENDIX B

2017/18 - 2020/21 REVENUE BUDGET *

	TOTAL 2016/17 £000	Inflation/ Contingencies /Transfers £000	Growth £000	Savings £000	TOTAL 2017/18 £000	Inflation/ Contingencies /Transfers £000	Growth £000	Savings £000	TOTAL 2018/19 £000	Inflation/ Contingencies /Transfers £000	Growth £000	Savings £000	TOTAL 2019/20 £000	Inflation/ Contingencies /Transfers £000	Growth £000	Savings £000	TOTAL 2020/21 £000
Children & Family Services	**60,899**	166	1,670	-1,935	**60,800**	0	550	-2,875	**58,475**	0	840	-2,190	**57,125**	0	830	-1,070	**56,885**
Adults & Communities	**132,527**	3,315	4,910	-5,700	**135,053**	0	1490	-3,230	**133,313**	0	3,510	-950	**135,873**	0	3,350	-1,150	**138,073**
Public Health **	**-2,450**	2,256	700	-830	**-324**	0	700	-500	**-124**	0	670	-500	**46**	0	20	-500	**-434**
Environment & Transport	**69,911**	1,395	-1,005	-4,985	**65,316**	99	965	-4,810	**61,570**	184	960	-840	**61,874**	64	900	-535	**62,303**
Chief Executives	**9,676**	356	160	-455	**9,737**	0	100	-515	**9,322**	0	0	-25	**9,297**	0	0	-75	**9,222**
Corporate Resources	**31,635**	2,623	535	-2,310	**32,483**	0	230	-2,530	**30,183**	0	-20	-740	**29,423**	0	0	-20	**29,403**
	302,198	10,111	6,970	-16,215	**303,064**	99	4,035	-14,460	**292,738**	184	5,960	-5,245	**293,637**	64	5,100	-3,350	**295,451**
DSG (Central Dept recharges)	**-922**				**-922**				**-922**				**-922**				**-922**
Carbon Reduction Commitment	**355**				**355**				**355**	-200			**155**				**155**
Other corporate growth & savings	**0**				**0**				**0**		2,000	0	**2,000**		1,000	0	**3,000**
MTFS Risks Contingency	**8,000**	-4,000			**4,000**	4,000			**8,000**				**8,000**				**8,000**
Contingency for inflation/ Living Wage	**17,200**	-3,884			**13,316**	16,953			**30,269**	11,750			**42,019**	12,150			**54,169**
	326,831	2,227	6,970	-16,215	**319,813**	21,052	4,035	-14,460	**330,440**	11,734	7,960	-5,245	**344,889**	12,214	6,100	-3,350	**359,853**
Central Items:																	
Financing of capital	**28,575**	-5,775			**22,800**	-200		-3,500	**19,100**	500			**19,600**	100			**19,700**
Revenue funding of capital	**2,000**	14,850			**16,850**	-12,850			**4,000**	-3,200			**800**				**800**
Central expenditure	**3,924**	-281		-200	**3,443**	-39		-225	**3,179**	-50		-100	**3,029**	-50			**2,979**
Central grants and other income	**-13,592**	-364			**-13,956**	9,137			**-4,819**	121			**-4,698**	0			**-4,698**
Total Spending	**347,738**	10,657	6,970	-16,415	**348,950**	17,100	4,035	-18,185	**351,900**	9,105	7,960	-5,345	**363,620**	12,264	6,100	-3,350	**378,634**
Contribution from Earmarked Funds	**-1,000**				**-1,000**				**-1,000**				**-1,000**				**0**
Budget Requirement	**346,738**				**347,950**				**350,900**				**362,620**				**378,634**
Funding																	
Revenue Support Grant	**-36,992**				**-19,548**				**-8,549**				**0**				**0**
Business Rates - Top Up	**-36,743**				**-37,566**				**-38,774**				**-38,005**				**-28,110**
Business Rates Baseline/Retained	**-20,336**				**-20,683**				**-21,346**				**-22,101**				**-22,590**
S31 grants - Business Rates	**-1,470**				**-1,470**				**-1,470**				**-1,470**				**-1,470**
Collection Fund net deficit / (surplus)	**-3,682**				**-5,596**				**-1,000**				**0**				**0**
Council Tax	**-247,515**				**-263,087**				**-277,690**				**-293,100**				**-303,420**
	-346,738				**-347,950**				**-348,829**				**-354,676**				**-355,590**
VARIANCE	**0**				**0**				**2,071**				**7,944**				**23,044**
Band D Council Tax	*£1,127.40*				*£1,172.38*				*£1,219.16*				*£1,267.81*				*£1,293.04*
Increase	*3.99%*				*3.99%*				*3.99%*				*3.99%*				*1.99%*

* provisional for 2018/19 and later years

** preventative expenditure within other Deparments' budgets to be identified and absorbed into the ring fenced budget

This page is intentionally left blank

APPENDIX C

References			2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
		GROWTH				
		CHILDREN & FAMILY SERVICES				
		Demand & cost increases				
	G1	Demographic growth- Social Care Placements	860	1,710	2,550	3,380
	G2	Social Work pressures: case load reduction /quality assurance	510	510	510	510
	G26	One-off contribution to Supporting Leicestershire Families	300	0	0	0
		Total	**1,670**	**2,220**	**3,060**	**3,890**
		ADULTS & COMMUNITIES				
		Demand & cost increases				
**	G3	Older people - new entrants and increasing needs in community based services and residential admissions	560	1,770	2,920	4,110
**	G4	Learning Disabilities - new entrants including children transitions and people with complex needs	1,320	3,480	5,610	7,550
**	G5	Mental Health - new entrants in community based services	160	320	430	540
**	G6	Physical Disabilities - new entrants in community based services	30	130	250	360
		Other increases				
*	G7	Deprivation of Liberty Safeguards (DOLS) - increased team costs-post Supreme Court judgement	700	700	700	700
	G27	Additional Adult Social Care Support	2,140	0	0	0
		Total	**4,910**	**6,400**	**9,910**	**13,260**
		PUBLIC HEALTH				
		Reduced Income				
**	G8	Reductions to Public Health specific grant(offsetting savings are included)	650	1,310	1,960	1,960
		Demand & cost increases				
	G9	Integrated Sexual Health Service - increased testing expected as result of new Pre Exposure Prophylaxis treatment for HIV risk groups	50	90	110	130
			700	**1,400**	**2,070**	**2,090**
		ENVIRONMENT & TRANSPORT				
		Highways & Transport				
		Demand & cost increases				
**	G10	Special Educational Needs transport - increased client numbers/costs	1,720	2,085	2,465	2,860
*	G11	Removal of time-limited growth - Special Educational Needs transport	-700	-700	-700	-700
*	G12	Removal of time-limited growth - Highways Maintenance	-3,000	-3,000	-3,000	-3,000
		Total	-1,980	-1,615	-1,235	-840
		Environment				
		Demand & cost increases				
**	G13	Landfill Tax - annual increases linked to RPIX	135	365	600	845
*	G14	Recycling (and Reuse) Credits	190	290	390	390
**	G15	Waste tonnage increases	650	920	1,165	1,425
		Total	975	1,575	2,155	2,660
		Total	**-1,005**	**-40**	**920**	**1,820**
		CHIEF EXECUTIVES				
		Demand & cost increases				
**	G16	Hardship and Crisis Support	0	100	100	100
*	G17	Business Intelligence System (one-off growth)	-120	-120	-120	-120
	G18	Coroners	130	130	130	130
	G19	County Council's contribution to the running of the Combined Authority	150	150	150	150
		Total	**160**	**260**	**260**	**260**
		CORPORATE RESOURCES				
		Demand & cost increases				
**	G20	ICT infrastructure costs and consequences of capital spend	265	265	265	265
	G21	Intranet ongoing maintenance	105	105	105	105
**	G22	Strategic Property resources to manage and develop the property assets	0	250	250	250
	G23	Information & Records Management and Data Compliance Regulations	130	110	90	90
	G24	Cyber breach insurance	35	35	35	35
		Total	**535**	**765**	**745**	**745**
		Corporate Growth				
	G25	Social Care growth contingency			2,000	3,000
		TOTAL	**6,970**	**11,005**	**18,965**	**25,065**
		Overall net additional growth		4,035	7,960	6,100

* items unchanged from previous Medium Term Financial Strategy

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

APPENDIX C

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
Eff - Efficiency saving
SR - Service reduction
Inc - Income

	References			2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
			CHILDREN & FAMILY SERVICES				
			Transformation				
**	CF1	Eff	New Departmental Operating Model	-200	-500	-500	-500
**	CF2	Eff	Reduced cost / demand Social Care Placements	-1,000	-2,100	-3,190	-4,260
	CF3	Eff/SR	Admin / Business Support Review	-100	-250	-250	-250
			Early Help and Prevention (EHAP) Review				
	CF4	Eff/SR	Review Children's Centre Programme - EHAP Review			-1,000	-1,000
	CF5	SR	Reprocurement of Contract for Careers Information, Advice & Guidance: EHAP Programme		-340	-340	-340
			Total	-1,300	-3,190	-5,280	-6,350
			Departmental				
	CF6	Eff/SR	Review contribution to LSCB	-40	-40	-40	-40
	CF7	SR	Review LEEP activity	-245	-245	-245	-245
	CF8	Inc	Education of Children in Care	-95	-95	-95	-95
	CF9	Inc	Charge for Academy Conversion	-70	-70	-70	-70
	CF10	Eff/Inc	Review the Educational Psychology Service	-75	-200	-300	-300
			Early Help and Prevention (EHAP) Review				
*	CF11	SR	Remodelling Early Help	-110	-110	-110	-110
	CF12	SR	Review of Departmental Early Help Services		-500	-500	-500
	CF13	SR	Reprocurement of Contract for Careers Information, Advice & Guidance: Departmental Activity		-360	-360	-360
				-635	-1,620	-1,720	-1,720
			TOTAL	**-1,935**	**-4,810**	**-7,000**	**-8,070**

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Dedicated Schools Grant Savings				
Transformation				
Review Specialist Teaching Services	-790	-1,350	-1,350	-1,350
Reduced Cost / Demand SEN Placements	-725	-1,495	-1,495	-1,495
	-1,515	-2,845	-2,845	-2,845
Departmental				
Reduce Budget Allocation - Oakfield	-30	-50	-50	-50
	-30	-50	-50	-50
	-1,545	**-2,895**	**-2,895**	**-2,895**

APPENDIX C

SAVINGS

	References			2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
			ADULTS & COMMUNITIES				
			Adult Social Care				
			Transformation				
*	AC1	Eff	Outcome Based Commissioning - Helped to Live At Home Project	-1,000	-1,000	-1,000	-1,000
**	AC2	Eff	Review of Equipment and Therapy Services		-250	-350	-350
*	AC3	Eff/SR	Development & implementation of the Adult Social Care workforce strategy	-900	-900	-900	-900
**	AC4	Eff	Review of individual long term residential placement costs	-250	-500	-750	-1,000
**	AC5	Eff/SR	Effective management of Direct Payments and Personal Budget allocations	-600	-1,150	-1,150	-1,150
			Total	-2,750	-3,800	-4,150	-4,400
			Departmental				
**	AC6	Eff	Review of In-House Services and Shared Lives alternative to residential and day care	-390	-820	-820	-820
**	AC7	SR	External Contract Review	-230	-230	-230	-230
**	AC8	Inc	Increased income from fairer charging and removal of subsidy / aligning increases	-100	-200	-300	-400
*	AC9	SR	Review of Equipment and adaptations	-150	-150	-150	-150
**	AC10	Eff	Developing Extracare as alternative to residential, nursing and homecare	-30	-65	-65	-65
**	AC11	Eff/SR	Review of Supported Living costs	-450	-615	-915	-915
**	AC12	Eff/SR	Delayed saving AC11 from 2016/17	250	250	250	250
*	AC13	Eff/SR	Reablement review	-250	-750	-750	-750
**	AC14	Eff/SR	Review of Community Life Choices costs	-250	-750	-750	-750
*	AC15	Eff	Improvements to the Mental Health pathway	-250	-500	-500	-500
**	AC16	Eff	Reduced financial growth following demand management improvements	-1,000	-1,000	-1,000	-1,000
			Total	-2,850	-4,830	-5,230	-5,330
			Total ASC	**-5,600**	**-8,630**	**-9,380**	**-9,730**
			Communities and Wellbeing				
			Transformation				
**	AC17	Eff/SR	Implementation of revised service for communities and wellbeing	-100	-300	-500	-1,300
			Total C&W	**-100**	**-300**	**-500**	**-1,300**
			TOTAL A&C	**-5,700**	**-8,930**	**-9,880**	**-11,030**
			PUBLIC HEALTH				
			Transformation				
**	PH1	SR	Review of smoking & tobacco services and contracts	-480	-480	-480	-480
	PH2	Eff/SR	Early Help & Prevention Review - review on externally commissioned prevention services		-500	-1,000	-1,500
	PH3	Eff/SR	Early Help & Prevention Review - A&C departmental saving requirement	-130	-130	-130	-130
			Total	-610	-1,110	-1,610	-2,110
			Departmental				
*	PH4	SR	Review of contracts relating to sexual health services	-195	-195	-195	-195
*	PH5	SR	Other Public Health services	-25	-25	-25	-25
			Total	-220	-220	-220	-220
			TOTAL	**-830**	**-1,330**	**-1,830**	**-2,330**

APPENDIX C

SAVINGS

	References			2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
			ENVIRONMENT & TRANSPORT				
			HIGHWAYS & TRANSPORT				
			Transformation				
**	ET1	Eff/SR	Street Lighting - expected savings from conversion to LEDs including consideration of any further switching off, dimming and part night lighting	-750	-1,500	-1,750	-1,750
**	ET2	Eff/SR /Inc	Revised approach to Highways Maintenance (Looking after Leicestershire) including improvement schemes	-3,000	-3,550	-3,550	-3,550
**	ET3	Eff/SR	Revised TOM for E&T to align directorate with emerging commissioning and procurement strategy	-700	-700	-700	-700
**	ET4	/Inc	Service review of Highway Authority planning processes and charging regimes	-300	-550	-550	-550
**	ET5	Eff/SR /Inc	Delayed savings in Street Lighting (ET1),Highways Maintenance (ET2) and Service Review (ET4)	1,360	1,360	1,360	1,360
			Total	-3,390	-4,940	-5,190	-5,190
			Departmental				
*	ET6	Eff	Further contract renewal savings	-100	-200	-200	-200
**	ET7	Eff	Invest to save - fleet renewal	-135	-135	-135	-135
*	ET8	/Inc	Review of Road Safety strategy and provision	-220	-390	-390	-390
**	ET9	Eff/SR	Review of SEN / Social Care Transport	-125	-250	-250	-250
**	ET10	Eff/SR	Delayed savings in Fleet Renewal (ET7) and Transport (ET9)	95	95	95	95
**	ET11	SR	Public bus services - revised policy on subsidised transport		-1,300	-1,300	-1,300
**	ET12	SR/Inc	County wide parking strategy including residents' parking permits and consideration of charging for on-street parking	-50	-650	-650	-650
			Total	-535	-2,830	-2,830	-2,830
			Total	**-3,925**	**-7,770**	**-8,020**	**-8,020**
			ENVIRONMENT				
			Transformation				
*	ET13	Eff	Revised payment mechanism on Recycling Credits	-85	-85	-85	-85
*	ET14	SR/Inc	Review of Recycling & Household Waste Sites (RHWS) provision	-135	-150	-150	-150
**	ET15	Eff	Revised RHWS delivery model	-250	-400	-400	-400
*	ET16	Eff	Waste & Environment Management	-30	-30	-30	-30
**	ET17	Eff	Revised payment mechanism for recycling credits for dry materials (net saving – gross saving £3.4m)		-600	-1,100	-1,400
			Total	-500	-1,265	-1,765	-2,065
			Departmental				
**	ET18	Eff	Efficiencies from contract procurement/renewal	-50	-190	-250	-305
	ET19	Eff	Reduced costs of green waste disposal	-250	-250	-250	-250
*	ET20	Eff	Landfill Diversion	-150	-150	-150	-150
**	ET21	Inc	Trade Waste Income	-60	-90	-120	-150
**	ET22	Eff	Waste Initiatives & Waste Strategy Implementation	-50	-80	-80	-80
	ET23	Eff	Future residual waste strategy				-150
			Total	-560	-760	-850	-1,085
			Total	**-1,060**	**-2,025**	**-2,615**	**-3,150**
			TOTAL E&T	**-4,985**	**-9,795**	**-10,635**	**-11,170**

APPENDIX C

	References			2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
			SAVINGS				
			CHIEF EXECUTIVE				
			Transformation				
			Departmental				
*	CE1	SR	Funding and support to agencies		-20	-20	-20
**	CE2	Eff	Vacancy Control/ Staff Turnover	-100	-100	-100	-100
*	CE3	Eff	Democratic Services, Administration and Civic support review	-90	-120	-120	-120
*	CE4	Eff	Legal Services review		-80	-80	-80
**	CE5	Inc	Registration Service - Review and increased income	-95	-95	-95	-95
*	CE6	SR	Review Planning, Historic and Natural Environmental Services	-25	-65	-65	-65
**	CE7	SR	Review of Community Centre Funding	-5	-20	-20	-20
**	CE8	Eff	Trading Standards - Service Review and Joint Working	-40	-100	-100	-100
**	CE9	SR	Reduction in the value of Shire Community Grants		-70	-70	-70
**	CE10	SR	Review funding for economic development activity to external agency	-100	-200	-225	-300
			Total	-455	-870	-895	-970
			New Savings				
	CE11	Eff/SR	Early Help and Prevention Review - reduced contribution to community capacity building		-100	-100	-100
			Total	0	-100	-100	-100
			TOTAL	**-455**	**-970**	**-995**	**-1,070**
			CORPORATE RESOURCES				
			Transformation				
**	CR1	Eff/Inc	Increasing Commercial Services contribution	-500	-1,250	-2,000	-2,000
			Total	-500	-1,250	-2,000	-2,000
			Departmental				
**	CR2	Eff	Business Support Review	-65	-170	-170	-170
**	CR3	Eff	Review of Strategic Finance & Assurance	-80	-405	-405	-405
**	CR4	Eff	Human Resources & Organisation Review	-435	-735	-735	-735
**	CR5	Eff	ICT Review (Strategic and Operational)	-535	-1,240	-1,240	-1,240
**	CR6	Eff	Customer Service Centre Review		-130	-130	-130
**	CR7	Eff	Operational Property Review	-270	-400	-400	-400
**	CR8	Eff	Energy & Water efficiencies	-225	-310	-300	-320
*	CR9	Eff	Efficiency savings from sharing services with Nottingham City Council	-200	-200	-200	-200
			Total	-1,810	-3,590	-3,580	-3,600
			TOTAL	**-2,310**	**-4,840**	**-5,580**	**-5,600**
			CENTRAL ITEMS				
*	CI1	Inc	Financial Arrangements - growth in ESPO income	-100	-200	-300	-300
	CI2	SR	Review of contributions to Discretionary Discount Funds and LCTS Admin.	-100	-225	-225	-225
				-200	-425	-525	-525
			New savings				
	CI3	N/A	Minimum Revenue Provision (MRP)		-3,500	-3,500	-3,500
				0	-3,500	-3,500	-3,500
			TOTAL	**-200**	**-3,925**	**-4,025**	**-4,025**
			TOTAL including additional income	**-16,415**	**-34,600**	**-39,945**	**-43,295**
			Overall net additional savings		-18,185	-5,345	-3,350

This page is intentionally left blank

APPENDIX D

Savings Under Development

1. Review of County Council's role in running schools

The March White Paper 'Educational Excellence Everywhere' set out the Department for Education's (DfE) ambition for educational excellence and set out the end of local authorities role in running schools, it also set out the intention to revise statutory duties for local authorities. It is not known when or if the White Paper will continue in its current form. When the DfE sets out its expectation of local authorities in education provision a review of the County Council's role will be undertaken.

2. Disabled Children's Respite Care - new service model

Respite provision for children with disabilities is through a private sector contract and delivered in an institutional setting. A service review is being undertaken to determine whether a family based solution is able to provide a more flexible cost effective service.

3. Education of Children in Care

The education of children in care service has been grown over recent years; benchmarking data has identified Leicestershire as a high spending authority in this area. A review is underway to assess the cost effectiveness of the current service model and offer.

4. Lower cost adult social care provision

The most significant cost in ASC is for residential placements. Some exploratory work has been undertaken to better understand the market and scope to make savings from different models of placements for adults with learning difficulties. Further opportunities are being sought through an integrated review with Health and Rutland for fees for residential and nursing care to establish consistent pricing of placements.

5. Whole life disability

The County Council does not currently operate a fully integrated whole-life approach to disability services. Work is underway to establish the best options to deliver fully integrated care pathways for disabled people in Leicestershire, with the expectation that work can be undertaken in partnership to better meet the needs of service users. The County Council will also work with the private, voluntary and independent sectors to develop a robust local offer for Leicestershire. It is anticipated that through a more joined up approach internally and with partners, efficiencies can be made and outcomes improved for service users.

6. <u>Promoting Independence in the home for high dependency service users</u>

A significant proportion of the cost of care related to the delivery by multiple carers to one service user. A review will be undertaken to establish the potential to reducing double handed care provision through improved use of equipment and moving/manual handling practices.

7. <u>Social Care and SEN Transport</u>

A review is being undertaken of transport services provided for SEN and social care service users. These service areas have a current combined budget of £12.6m. Some measures have already been put in place that will save £0.3m (already built into the MTFS). A number of further potential initiatives have been identified that the County Council could pursue to reduce spend and offset growth pressures which will hopefully generate further savings to be included in the MTFS.

8. <u>Increased revenues from Asset Investments</u>

A number of asset investment possibilities are currently being appraised and when approved by the Corporate Asset Investment Fund Advisory Board, progressed. The benefits of making these investments will not only be to the local economy, but also generate an additional ongoing revenue stream (for example as rental income from farms or industrial units) or future capital receipts in excess of what is required for the initial investment.

9. <u>Integrated ICT Systems</u>

In line with a move towards a single outcome framework and to further enable existing MTFS opportunities including Prevention/Early Help and Whole Life Disability, the current ICT system landscape will be reviewed to enable greater cross-departmental working, for example implementing common systems. The intention is also to extend this principle of using ICT to enable closer joint working by investigating opportunities with partners including Health.

10. <u>Review Structures and Delivery Models</u>

As the single outcome framework is developed refocusing the County Council's priorities, the intention is to review the Target Operating Model for the organisation and from that how the Council's functions are organised, managed and delivered to reflect this. Similarly, given a number of factors including the living wage the intention is to review the relationship and balance between externally provided services and those which the Council continues to provide successfully in-house.

11. <u>Proactively Manage Demand</u>

Given the cuts to public service, the County Council's digital delivery plan is already targeting managing demand in a cost effective manner while providing a simpler customer experience. However, given that further savings will be required managing customer expectations will become more. Exploratory work will begin to understand whether a structured and coordinated approach to utilising behavioural insight approaches can help manage these expectations. For example, removing the signs by the roadside which encourage customers to call if they wish to report a defect, instead encouraging self-serve digital options.

12. Commercialism

Following the work performed over the course of the year, traded services have been developed and an additional £2m of savings built into the MTFS. The Council intends to investigate broadening the scope of what it is currently trading, by reviewing the services provided that have income generation potential, exploring alternative delivery models such as joint ventures and explore potential insourcing. In due course a strategy will be delivered, clearly identifying where the Council should focus its efforts.

13. Commissioning and Procurement

A range of measures is being considered with the aim of improving the County Council's approach to commissioning and procurement. These measures should allow resources to be targeted where they will have the biggest potential impact and ensure that the most appropriate mechanisms are used, leading to lower cost services. Proposals that are currently being developed include more integrated ways of working, making greater use of community provision, strengthening contract management arrangements, and exploring the potential consolidation of some internal functions.

14. People and Performance Management

A number of measures are being considered, with the aim of improving performance and productivity across the organisation, and ultimately reducing the cost of delivering services. These could include: introduction of a performance management framework which will involve creating clear expectations about the role of the manager and associated accountability, more robust and challenging recruitment (for attitude and aptitude), development of managers, and a renewed focus on the Council's organisation design principles.

15. Digital Services

During this financial year the Council has finalised a digital strategy which aims to strengthen communities and grow the economy through skills and infrastructure; deliver easy-to-use digital services which help people do things for themselves; and enable better ways of working.

Underpinning this strategy is a digital delivery plan which is driving key pieces of work including a review of customer-facing transactions and a simpler, more cost effective way of managing IT.

Departments have been tasked with identifying areas for further research and development. Achieving additional savings through digital will require a cross-council commitment to working differently. It may also require a firmer determination to drive all transactions, except high-risk activities, digitally.

16. Property Initiatives

Over recent years the County Council has delivered reduced accommodation costs and generated increased rental income by using space more flexibly and ensuring that it is fit for purpose. This not only delivers a financial return but encourages relationships between organisations. The intention is to exploit this opportunity further in terms of not only how the County Council uses its buildings but also across all publicly held estates in Leicestershire. Working with public sector partners under the One Public Estate initiative to rationalise the Council's collective property estates, will release land for housing or job creation and reduce costs of accommodation and/or realise capital receipts.

17. Review of Council Tax and/Business Rates

By far the largest component of the County Council's funding is council tax. Due to the elimination of revenue support grant this is expected to fund 85% (£303m) of the net budget by 2020/21. To ensure that income can be incorporated into budgets at the earliest opportunity and income generate from council tax is optimised a review is proposed in collaboration with District Councils covering the following themes:

- Policy – do the current principles allow the optimum level of council tax to be billed?
- Collection – do the current operational processes and arrangements allow collection of billed amounts to be maximised?
- Planning – can the accuracy of forecasts be improved?

APPENDIX E

CHILDREN & FAMILY SERVICES DEPARTMENT

DRAFT REVENUE BUDGET 2017/18

Net Budget 2016/17 £		Employees £	Running Expenses £	Internal Income £	Gross Budget	External Income £	Net Budget 2017/18 £	Schools	Early Years	High Needs	Dedicated Schools Grant	LA Block
814,500	**Directorate**	**491,780**	**122,720**	**0**	**614,500**	**0**	**614,500**	**18,500**	**44,230**	**153,950**	**216,680**	**397,820**
1,966,300	First Response	1,951,510	47,000	-3,210	1,995,300	-29,000	1,966,300	0	0	0	0	1,966,300
2,379,080	Safeguarding Unit	2,694,650	334,670	-60,500	2,968,820	-481,650	2,487,170	0	0	0	0	2,487,170
176,170	LSCB	212,860	183,770	-40,500	356,130	-219,970	136,160	0	0	0	0	136,160
4,521,550	**Total Safeguarding Assurance**	**4,859,020**	**565,440**	**-104,210**	**5,320,250**	**-730,620**	**4,589,630**	**0**	**0**	**0**	**0**	**4,589,630**
2,195,900	Specialist Assessment & Response Locality 3	2,208,140	563,320	0	2,771,460	-450,560	2,320,900	0	0	0	0	2,320,900
1,684,540	Specialist Assessment & Response Locality 2	1,559,860	249,680	0	1,809,540	0	1,809,540	0	0	0	0	1,809,540
2,103,110	Specialist Assessment & Response Locality 1	1,989,510	238,600	0	2,228,110	0	2,228,110	0	0	0	0	2,228,110
2,725,480	Fostering, Adoption & Placement Team	2,229,720	260,590	0	2,490,310	-50,000	2,440,310	0	0	0	0	2,440,310
3,806,590	Childrens Management	316,240	2,065,110	0	2,381,350	0	2,381,350	0	0	0	0	2,381,350
21,239,050	Operational Children Placements	550,110	21,802,950	0	22,353,060	-54,000	22,299,060	0	0	0	0	22,299,060
2,687,660	Disabled Children Service	1,083,810	1,603,850	0	2,687,660	0	2,687,660	0	0	0	0	2,687,660
1,485,250	Strengthening Families	1,528,210	106,740	0	1,634,950	0	1,634,950	0	0	0	0	1,634,950
37,927,580	**Total Social Care**	**11,465,600**	**26,890,840**	**0**	**38,356,440**	**-554,560**	**37,801,880**	**0**	**0**	**0**	**0**	**37,801,880**
3,800,280	Children's Centre	2,676,710	1,123,810	0	3,800,520	0	3,800,520	0	0	0	0	3,800,520
2,102,640	Supporting Leicestershire Families North	1,971,930	62,700	0	2,034,630	0	2,034,630	0	0	0	0	2,034,630
1,960,690	Supporting Leicestershire Families South	1,800,450	61,430	0	1,861,880	0	1,861,880	0	0	0	0	1,861,880
1,632,220	Early Help Support Services	1,574,520	331,380	-358,800	1,547,100	0	1,547,100	0	0	0	0	1,547,100
-1,469,320	Supporting Leicestershire Families Income	74,660	784,660	-864,600	-5,280	-1,171,940	-1,177,220	0	0	0	0	-1,177,220
1,675,830	Youth Offending Service	2,158,850	606,170	-198,600	2,566,420	-889,960	1,676,460	0	0	0	0	1,676,460
478,670	Community Safety	189,160	324,770	0	513,930	-36,000	477,930	0	0	0	0	477,930
10,181,010	**Total Targeted Early Help**	**10,446,280**	**3,294,920**	**-1,422,000**	**12,319,200**	**-2,097,900**	**10,221,300**	**0**	**0**	**0**	**0**	**10,221,300**
52,630,140	**TOTAL CHILDREN'S SOCIAL CARE & EARLY HELP**	**26,770,900**	**30,751,200**	**-1,526,210**	**55,995,890**	**-3,383,080**	**52,612,810**	**0**	**0**	**0**	**0**	**52,612,810**
1,390,830	Education Sufficiency	1,070,720	537,150	-187,510	1,420,360	-236,720	1,183,640	279,610	0	621,290	900,900	282,740
2,381,970	5-19 Learning	550,910	1,827,030	-131,030	2,246,910	-209,930	2,036,980	248,000	0	0	248,000	1,788,980
4,076,450	Specialist Services to Vulnerable Groups	2,591,650	1,728,140	-333,440	3,986,350	-699,900	3,286,450	0	0	3,286,450	3,286,450	0
3,108,500	Education of Vulnerable Groups	692,300	2,393,190	-15,500	3,069,990	-56,500	3,013,490	0	0	1,998,410	1,998,410	1,015,080
53,111,120	Special Education Needs	630,500	58,237,200	0	58,867,700	-510,640	58,357,060	0	0	57,748,990	57,748,990	608,070
951,800	Psychology Service	1,056,810	41,330	-110,670	987,470	-110,670	876,800	0	0	0	0	876,800
23,592,710	0-5 Learning	1,408,890	29,890,480	0	31,299,370	-203,070	31,096,300	0	30,825,940	0	30,825,940	270,360
88,613,380	**TOTAL EDUCATION, LEARNING & SKILLS**	**8,001,780**	**94,654,520**	**-778,150**	**101,878,150**	**-2,027,430**	**99,850,720**	**527,610**	**30,825,940**	**63,655,140**	**95,008,690**	**4,842,030**
218,010	Commissioning	566,870	26,400	25,520	618,790	0	618,790	0	0	0	0	618,790
4,060	Transformation	326,540	32,990	-355,470	4,060	0	4,060	0	0	0	0	4,060
0	Music Services	1,019,820	387,530	0	1,407,350	-1,407,350	0	0	0	0	0	0
1,351,330	Admin & Committees	959,710	630,370	-57,030	1,533,050	-45,000	1,488,050	8,570	0	0	8,570	1,479,480
1,519,910	Human Resources	0	1,567,380	0	1,567,380	-47,470	1,519,910	674,900	0	0	674,900	845,010
451,380	Schools Copyright	0	467,870	0	467,870	0	467,870	467,870	0	0	467,870	0
3,544,690	**TOTAL COMMISSIONING & DEVELOPMENT**	**2,872,940**	**3,112,540**	**-386,980**	**5,598,500**	**-1,499,820**	**4,098,680**	**1,151,340**	**0**	**0**	**1,151,340**	**2,947,340**
358,358,360	Total Individual Schools Budget	0	376,504,130	0	376,504,130	-14,437,860	362,066,270	362,072,180	0	-5,910	362,066,270	0
1,060,000	Dedicated Schools Grant Recoupment	0	-263,328,800	0	-263,328,800	265,022,800	1,694,000	0	0	1,694,000	1,694,000	0
922,000	Central Charges	0	2,378,700	0	2,378,700	0	2,378,700	1,508,420	210,850	659,430	2,378,700	0
-444,877,850	Dedicated Schools Grant	0	0	0	0	-462,515,680	-462,515,680	-365,278,050	-31,081,020	-66,156,610	-462,515,680	0
-84,537,490	**TOTAL DSG ITEMS**	**0**	**115,554,030**	**0**	**115,554,030**	**-211,930,740**	**-96,376,710**	**-1,697,450**	**-30,870,170**	**-63,809,090**	**-96,376,710**	**0**
61,065,220	**TOTAL CHILDREN & FAMILY SERVICES**	**38,137,400**	**244,195,010**	**-2,691,340**	**279,641,070**	**-218,841,070**	**60,800,000**	**0**	**0**	**0**	**0**	**60,800,000**

APPENDIX E

ADULTS AND COMMUNITIES DEPARTMENT

REVENUE BUDGET 2017/18

Net Budget 2016/17 £		Employees £	Running Expenses £	Internal Income £	Gross Budget £	External Income £	Net Budget 2017/18 £
	Promoting Independence						
5,889,810	Reablement (HART)	4,384,630	683,680	0	5,068,310	-734,360	4,333,950
8,130	Crisis Response	525,530	47,600	0	573,130	-565,000	8,130
153,840	PI Heads of Service	149,640	0	0	149,640	0	149,640
3,891,930	PI Locality teams	4,453,940	153,810	0	4,607,750	-1,288,820	3,318,930
9,943,710	**TOTAL**	**9,513,740**	**885,090**	**0**	**10,398,830**	**-2,588,180**	**7,810,650**
	Personal Care & Support						
319,130	PCS Heads of Service	337,120	51,050	0	388,170	0	388,170
2,429,800	Whole Life Disability	2,358,380	103,440	0	2,461,820	-52,000	2,409,820
685,090	Review Teams	979,530	63,200	0	1,042,730	-350,000	692,730
2,895,210	Complex Mental Health & Emergency Duty Teams	3,165,400	333,700	0	3,499,100	-803,600	2,695,500
1,774,910	Safeguarding, DOLS and Court of Protection	1,798,560	1,367,430	-1,500	3,164,490	-689,580	2,474,910
1,264,710	Occupational Therapy	1,204,930	46,550	0	1,251,480	0	1,251,480
597,370	Inclusion Support	564,970	32,400	0	597,370	0	597,370
2,806,290	Aids, Adaptations and Assistive Technology	845,360	3,639,170	-950,000	3,534,530	-925,600	2,608,930
12,772,510	**TOTAL**	**11,254,250**	**5,636,940**	**-951,500**	**15,939,690**	**-2,820,780**	**13,118,910**
	Inhouse Provider Services						
3,837,930	Supported Living, Residential and Short Breaks	3,830,260	182,800	0	4,013,060	-6,140	4,006,920
2,924,580	CLC / Day Services	3,461,730	237,370	-67,850	3,631,250	-95,150	3,536,100
424,670	Shared Lives team	279,080	41,920	0	321,000	0	321,000
303,360	Community Enablement and Reablement Team	238,220	15,640	0	253,860	0	253,860
69,240	Provider Services Review	82,260	-55,470	0	26,790	-17,700	9,090
7,559,780	**TOTAL**	**7,891,550**	**422,260**	**-67,850**	**8,245,960**	**-118,990**	**8,126,970**
	Early Intervention & Prevention						
474,030	Extra Care	0	544,030	0	544,030	0	544,030
53,310	Eligible Services	0	72,190	0	72,190	0	72,190
180,000	Primary (e.g. Information & Advice)	0	115,000	0	115,000	0	115,000
344,020	Secondary (e.g. Carers & Community Assessments)	0	689,220	0	689,220	-541,410	147,810
176,640	Tertiary (e.g. Advocacy)	0	159,020	0	159,020	0	159,020
1,228,000	**TOTAL**	**0**	**1,579,460**	**0**	**1,579,460**	**-541,410**	**1,038,050**
	Strategy & Commissioning						
1,852,640	Business Support	2,048,690	263,550	-556,610	1,755,630	-24,000	1,731,630
778,650	Commissioning and Market Development	795,210	43,680	0	838,890	-64,370	774,520
987,450	Compliance	1,261,660	27,510	0	1,289,170	-350,360	938,810
1,073,760	Community Care Finance	1,121,120	53,430	-8,000	1,166,550	-116,240	1,050,310
379,760	IT & Information / IAS implementation	437,940	85,300	-89,870	433,370	-58,920	374,450
5,072,260	**TOTAL**	**5,664,620**	**473,470**	**-654,480**	**5,483,610**	**-613,890**	**4,869,720**
	Demand Led Commissioned Services						
49,310,790	Residential & Nursing Care	0	82,506,140	0	82,506,140	-32,344,700	50,161,440
1,445,000	Shared Lives Residential	0	1,400,000	0	1,400,000	0	1,400,000
13,091,160	Supported Living	0	13,141,160	0	13,141,160	0	13,141,160
28,805,980	Home Care	0	21,139,000	0	21,139,000	0	21,139,000
28,560,050	Direct Cash Payments	0	36,437,820	0	36,437,820	-1,279,620	35,158,200
4,942,650	Community Life Choices (CLC)	0	4,692,650	0	4,692,650	0	4,692,650
474,000	Shared lives - CLC	0	474,000	0	474,000	0	474,000
-17,025,000	Community Income	0	0	0	0	-17,139,700	-17,139,700
109,604,630	**TOTAL**	**0**	**159,790,770**	**0**	**159,790,770**	**-50,764,020**	**109,026,750**
-16,381,160	**Better Care Fund (Balance)**	370,100	589,310	-130,000	829,410	-17,802,510	-16,973,100
669,330	**Department Senior Management**	914,180	103,440	-396,520	621,100	0	621,100
0	**ASC Support Grant**	0	2,140,000	0	2,140,000	0	2,140,000
130,469,060	**TOTAL ASC**	**35,608,440**	**171,620,740**	**-2,200,350**	**205,028,830**	**-75,249,780**	**129,779,050**
	Communities and Wellbeing						
2,301,660	Libraries	2,396,590	437,100	-67,000	2,766,690	-658,160	2,108,530
629,220	Heritage	659,370	287,850	0	947,220	-418,080	529,140
192,200	Records Office	392,760	54,850	0	447,610	-254,770	192,840
742,190	Museums & Creative Industries	684,150	242,630	0	926,780	-49,920	876,860
817,720	Collections & Support Resources	262,880	772,860	0	1,035,740	-1,700	1,034,040
511,980	C&W Senior Management	490,070	12,990	-14,780	488,280	0	488,280
243,180	Lifelong Learning	587,230	182,800	-1,200	768,830	-516,000	252,830
0	Externally Funded Projects	253,740	411,530	-80,140	585,130	-585,130	0
0	Adult Learning	3,890,550	1,001,850	-70,000	4,822,400	-4,822,400	0
-64,220	C&W Efficiencies	-219,570	11,000	0	-208,570	0	-208,570
5,373,930	**TOTAL C&W**	**9,397,770**	**3,415,460**	**-233,120**	**12,580,110**	**-7,306,160**	**5,273,950**
135,842,990	**TOTAL ADULTS & COMMUNITIES**	**45,006,210**	**175,036,200**	**-2,433,470**	**217,608,940**	**-82,555,940**	**135,053,000**

APPENDIX E

PUBLIC HEALTH DEPARTMENT

REVENUE BUDGET 2017/18

Net Budget 2016/17 £		Employees £	Running Expenses £	Internal Income £	Gross Budget	External Income £	Net Budget 2017/18 £
	PUBLIC HEALTH						
-26,133,960	Public Health Ring-Fenced Grant	0	0	0	0	-25,528,000	-25,528,000
1,700,940	Public Health Leadership	1,512,920	465,170	0	1,978,090	-290,530	1,687,560
4,315,120	Sexual Health	0	4,301,390	0	4,301,390	0	4,301,390
600,000	NHS Health Check programme	0	600,000	0	600,000	0	600,000
190,000	Health Protection	0	180,000	0	180,000	0	180,000
661,600	Obesity Programmes	0	656,000	0	656,000	0	656,000
1,154,760	Physical Activity	0	1,131,450	0	1,131,450	0	1,131,450
4,138,830	Substance Misuse	0	3,869,250	0	3,869,250	0	3,869,250
984,500	Smoking & Tobacco	316,840	454,500	0	771,340	0	771,340
9,307,410	Childrens Public Health 0-19	0	8,839,000	0	8,839,000	0	8,839,000
146,800	Public Health Advice	598,990	219,740	-22,500	796,230	-183,220	613,010
484,000	Public Health Other Commissioned Activity	0	433,400	0	433,400	-3,400	430,000
0	Early Help and Prevention Services	0	2,124,520	0	2,124,520	0	2,124,520
0	Leicester-Shire and Rutland Sport	854,590	997,080	-1,088,820	762,850	-762,850	0
-2,450,000	**TOTAL PUBLIC HEALTH**	**3,283,340**	**24,271,500**	**-1,111,320**	**26,443,520**	**-26,768,000**	**-324,480**

APPENDIX E

ENVIRONMENT & TRANSPORT DEPARTMENT

REVENUE BUDGET 2017/18

Net Budget 2016/17 £		Employees £	Running Expenses £	Internal Income £	Gross Budget	External Income £	Net Budget 2017/18 £
	HIGHWAYS & TRANSPORTATION						
888,800	Management & Training costs	976,100	325,200	-26,800	1,274,500	-457,000	817,500
	Commissioning						
2,001,880	Staffing & Admin	4,664,100	213,300	-882,800	3,994,600	-2,292,400	1,702,200
1,305,500	Traffic Controls	0	1,380,500	0	1,380,500	-75,000	1,305,500
525,610	Road Safety	353,900	576,700	-526,100	404,500	-114,000	290,500
0	Speed Awareness	159,100	2,146,700	0	2,305,800	-2,305,800	0
230,700	Sustainable Travel	0	233,300	0	233,300	-2,600	230,700
	Delivery						
3,013,950	Staffing, Admin. & Depot Overhead Costs	7,157,700	1,389,300	-5,176,600	3,370,400	-903,500	2,466,900
3,247,000	Environmental Maintenance	1,512,300	1,407,900	0	2,920,200	-50,000	2,870,200
2,494,000	Street Lighting Maintenance	498,900	1,894,600	0	2,393,500	-56,400	2,337,100
2,679,000	Reactive Maintenance (Structural & Safety)	505,600	825,500	0	1,331,100	0	1,331,100
1,423,000	Winter Maintenance	398,900	888,000	0	1,286,900	0	1,286,900
0	MTFS Capital Financing Reserve (Capital Substitution)	0	0	-3,416,000	-3,416,000	0	-3,416,000
	Transport Operations						
1,170,730	Staffing & Admin	2,346,300	774,000	-1,721,200	1,399,100	-339,400	1,059,700
8,104,800	Special Education Needs	0	9,267,000	0	9,267,000	-179,700	9,087,300
4,474,500	Mainstream School Transport	0	4,763,500	0	4,763,500	-289,000	4,474,500
3,558,200	Social Care Transport	0	3,633,200	-112,500	3,520,700	0	3,520,700
290,400	Fleet Transport	3,233,000	1,729,000	-4,345,300	616,700	-326,300	290,400
4,903,900	Concessionary Travel & Joint Arrangements	0	13,799,300	0	13,799,300	-8,895,400	4,903,900
2,715,900	Public Bus Services	0	4,069,100	-154,000	3,915,100	-1,299,200	2,615,900
35,000	Blue Badge	0	150,000	0	150,000	-115,000	35,000
0	Civil Parking Enforcement	0	1,444,500	0	1,444,500	-1,444,500	0
43,062,870	**TOTAL**	**21,805,900**	**50,910,600**	**-16,361,300**	**56,355,200**	**-19,145,200**	**37,210,000**
	ENVIRONMENT & WASTE MANAGEMENT						
334,560	Management	318,200	9,900	0	328,100	0	328,100
	Policy & Strategy						
597,300	Staffing & Admin	591,700	7,600	0	599,300	-14,000	585,300
314,800	Initiatives	51,600	295,000	0	346,600	-81,800	264,800
	Design & Delivery						
606,340	Staffing & Admin	568,800	26,000	0	594,800	0	594,800
6,071,500	Landfill	0	6,650,000	0	6,650,000	0	6,650,000
10,238,300	Treatment Contracts	0	10,189,800	0	10,189,800	0	10,189,800
1,863,400	Composting Contracts	0	1,613,400	0	1,613,400	0	1,613,400
2,925,700	Recycling & Household Waste Sites	0	2,730,700	0	2,730,700	-150,000	2,580,700
1,560,800	Haulage & Waste Transfer	0	1,570,800	0	1,570,800	0	1,570,800
-1,121,000	Income	0	0	0	0	-1,181,000	-1,181,000
3,229,200	Recycling & Reuse Credits	0	3,339,200	0	3,339,200	0	3,339,200
26,620,900	**TOTAL**	**1,530,300**	**26,432,400**	**0**	**27,962,700**	**-1,426,800**	**26,535,900**
	DEPARTMENTAL AND BUSINESS MANAGEMENT						
1,257,730	Management & Admin	1,216,400	18,600	-29,400	1,205,600	0	1,205,600
364,300	Departmental Costs	0	364,300	0	364,300	0	364,300
1,622,030	**TOTAL**	**1,216,400**	**382,900**	**-29,400**	**1,569,900**	**0**	**1,569,900**
71,305,800	**TOTAL ENVIRONMENT & TRANSPORT**	**24,552,600**	**77,725,900**	**-16,390,700**	**85,887,800**	**-20,572,000**	**65,315,800**

APPENDIX E

CHIEF EXECUTIVE'S DEPARTMENT

REVENUE BUDGET 2017/18

Net Budget 2016/17 £		Employees £	Running Expenses £	Internal Income £	Gross Budget	External Income £	Net Budget 2017/18 £
	DEMOCRATIC SERVICES, ADMIN & CIVIC AFFAIRS						
1,349,020	Democratic Services and Administration	1,241,670	141,290	-13,660	1,369,300	-63,330	1,305,970
114,000	Subscriptions	0	114,000	0	114,000	0	114,000
200,760	Civic Affairs	69,040	158,900	0	227,940	-43,000	184,940
1,663,780	**TOTAL**	**1,310,710**	**414,190**	**-13,660**	**1,711,240**	**-106,330**	**1,604,910**
1,711,480	**LEGAL SERVICES**	2,343,830	168,440	-444,890	2,067,380	-398,000	1,669,380
3,873,660	**STRATEGY AND BUSINESS INTELLIGENCE**	3,093,560	2,570,950	-1,348,690	4,315,820	-670,390	3,645,430
	REGULATORY SERVICES						
1,473,470	Trading Standards	1,425,120	241,670	-76,000	1,590,790	-156,000	1,434,790
861,530	Coroners	170,630	850,970	0	1,021,600	-42,000	979,600
-174,780	Registrars	802,860	66,400	0	869,260	-1,126,800	-257,540
2,160,220	**TOTAL**	**2,398,610**	**1,159,040**	**-76,000**	**3,481,650**	**-1,324,800**	**2,156,850**
486,900	**PLANNING, HISTORIC & NATURAL ENVIRONMENT**	817,670	246,210	-70,000	993,880	-520,700	473,180
135,920	**DEPARTMENTAL ITEMS**	88,140	37,210	-88,140	37,210	0	37,210
0	**COMBINED AUTHORITY CONTRIBUTION**	0	150,000	0	150,000	0	150,000
10,031,960	**TOTAL CHIEF EXECUTIVES**	**10,052,520**	**4,746,040**	**-2,041,380**	**12,757,180**	**-3,020,220**	**9,736,960**

APPENDIX E

CORPORATE RESOURCES DEPARTMENT

REVENUE BUDGET 2017/18

Net Budget 2016/17 £		Employees £	Running Expenses £	Internal Income £	Gross Budget £	External Income £	Net Budget 2017/18 £
	Strategic Finance, Assurance, Property & EMSS						
1,490,030	Strategic Property	1,069,670	581,860	-110,000	1,541,530	-70,500	1,471,030
2,682,320	Strategic Finance & Investments	2,736,790	212,300	-194,940	2,754,150	-136,200	2,617,950
550,000	Care Finance	516,090	13,000	0	529,090	0	529,090
391,410	Internal Audit	850,350	26,500	-280,000	596,850	-236,440	360,410
1,631,000	Insurance	265,530	2,868,710	-1,181,700	1,952,540	-133,660	1,818,880
283,650	Corporate Projects	0	162,330	0	162,330	0	162,330
0	Pensions	907,360	0	0	907,360	-907,360	0
1,385,280	East Midlands Shared Services	3,618,360	1,873,030	-75,770	5,415,620	-4,194,000	1,221,620
8,413,690	**Total Director of Finance**	**9,964,150**	**5,737,730**	**-1,842,410**	**13,859,470**	**-5,678,160**	**8,181,310**
	People, Information & Technology and Transformation						
955,350	Human Resources	1,744,080	59,050	-278,090	1,525,040	-678,860	846,180
455,980	Health & Safety	599,560	47,600	0	647,160	-236,200	410,960
154,740	Trade Union	183,110	1,350	0	184,460	0	184,460
2,209,540	Learning & Development	1,324,530	1,034,670	-105,560	2,253,640	-507,290	1,746,350
242,580	Emergency Management & Resilience	495,200	32,440	0	527,640	-261,640	266,000
846,740	Commissioning Support Unit	840,750	25,150	-50,000	815,900	0	815,900
9,280,530	Information & Technology	6,382,910	3,672,230	-720,790	9,334,350	-78,960	9,255,390
1,093,410	Transformation Unit	2,975,740	2,308,970	-4,216,310	1,068,400	0	1,068,400
0	Centre of Excellence	741,250	608,750	-150,000	1,200,000	-1,200,000	0
15,238,870	**Total Corporate Services**	**15,287,130**	**7,790,210**	**-5,520,750**	**17,556,590**	**-2,962,950**	**14,593,640**
	Customer & Property Services (excl trading)						
1,904,630	Customer Service Centre	1,952,750	20,000	-118,000	1,854,750	0	1,854,750
901,350	Management and Business Support	882,400	46,040	-32,700	895,740	0	895,740
1,262,220	Marketing and Communications	1,089,060	352,780	-183,980	1,257,860	-45,000	1,212,860
2,109,300	County Hall and Locality Premise Costs	148,110	2,094,600	0	2,242,710	0	2,242,710
904,050	C&F, A&C and R&HW sites	0	879,910	0	879,910	0	879,910
1,351,060	Library & Community Premise Costs	0	904,150	0	904,150	0	904,150
150,000	Vacant properties and unattached land	0	272,000	0	272,000	-122,000	150,000
672,090	Facilities Management Premise Support & Op Mgt	582,620	86,200	0	668,820	0	668,820
454,650	Property Services Business Support	400,550	14,100	0	414,650	0	414,650
148,720	Postal Services	87,160	68,070	-19,110	136,120	-3,060	133,060
63,580	Traveller services	199,640	58,560	-15,000	243,200	-172,320	70,880
-73,450	Caretakers Houses	0	-410	0	-410	-73,500	-73,910
469,110	Supported Employment	444,470	0	0	444,470	0	444,470
2,709,000	Major Condition Improvement Works	0	4,390,000	-1,378,000	3,012,000	0	3,012,000
-833,780	Farms and Industrial Properties	79,730	1,902,730	0	1,982,460	-2,894,500	-912,040
12,192,530	**Total Customer & Property Services**	**5,866,490**	**11,088,730**	**-1,746,790**	**15,208,430**	**-3,310,380**	**11,898,050**
-1,587,090	**Total Commercial Services**	**12,874,440**	**9,597,670**	**-8,604,550**	**13,867,560**	**-16,057,560**	**-2,190,000**
10,605,440	**Total Customer & Commercial Services**	**18,740,930**	**20,686,400**	**-10,351,340**	**29,075,990**	**-19,367,940**	**9,708,050**
34,258,000	**TOTAL CORPORATE RESOURCES**	**43,992,210**	**34,214,340**	**-17,714,500**	**60,492,050**	**-28,009,050**	**32,483,000**

APPENDIX E

CENTRAL ITEMS

REVENUE BUDGET 2017/18

Net Budget 2016/17 £		Employees £	Running Expenses £	Internal Income £	Gross Budget	External Income £	Net Budget 2017/18 £
	FINANCING OF CAPITAL						
24,100,000	Financing of Capital	0	26,847,000	-117,000	26,730,000	-3,930,000	22,800,000
4,475,000	Voluntary MRP/ repayment of Debt	0	0	0	0	0	0
28,575,000		0	26,847,000	-117,000	26,730,000	-3,930,000	22,800,000
2,000,000	**REVENUE FUNDING OF CAPITAL**	0	16,850,000	0	16,850,000	0	16,850,000
	CENTRAL EXPENDITURE						
-275,000	Financial Arrangements	0	320,000	-270,000	50,000	-425,000	-375,000
1,354,000	Members Expenses & Support etc	193,000	1,165,000	0	1,358,000	0	1,358,000
200,000	Elections	0	200,000	0	200,000	0	200,000
280,000	Flood Defence levies	0	285,000	0	285,000	0	285,000
1,900,000	Pensions (pre LGR /LGR)	0	1,850,000	0	1,850,000	0	1,850,000
100,000	Contributions to Discretionary Discount Funds	0	60,000	0	60,000	0	60,000
125,000	Contributions to LCTS Administration costs	0	65,000	0	65,000	0	65,000
3,684,000		193,000	3,945,000	-270,000	3,868,000	-425,000	3,443,000
	CENTRAL GRANTS AND OTHER INCOME						
-1,950,000	Bank & other interest	0	0	0	0	-1,600,000	-1,600,000
-385,000	Local Services Support Grant	0	0	0	0	-385,000	-385,000
-4,170,000	New Homes Bonus Grant	0	0	0	0	-3,903,000	-3,903,000
-130,000	New Homes Bonus - element of top slice returned	0	0	0	0	-142,000	-142,000
-3,650,000	Education Services Grant	0	0	0	0	-2,195,000	-2,195,000
-3,307,000	Transitional Grant	0	0	0	0	-3,306,000	-3,306,000
0	Adult Social Care Support Grant	0	0	0	0	-2,425,000	-2,425,000
-13,592,000		0	0	0	0	-13,956,000	-13,956,000
20,667,000	**TOTAL CENTRAL ITEMS**	**193,000**	**47,642,000**	**-387,000**	**47,448,000**	**-18,311,000**	**29,137,000**

This page is intentionally left blank

C&FS CAPITAL PROGRAMME 2017/18 to 2020/21

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
Commitments b/f					
Provision of Additional Primary Places:	3,127	1,276			4,403
Birstall, New Primary School	3,248				3,248
Wigston Area Special School	4,246				4,246
To seek opportunities to address structural changes to the pattern of education where this can be linked to basic need (10+ Retention)	3,020				3,020
New Starts					
Provision of Additional Primary Places	1,748	15,938			17,686
SEND Initiatives	0	1,000			1,000
Ofsted and Safeguarding Works	50				50
Schools Access	50				50
School Condition *	2,800				2,800
- Boiler Replacement					
- Structural Repairs					
- Electrical					
Sub-total	**18,289**	**18,214**	**0**	**0**	**36,503**
Schools Devolved Formula Capital *	700				700
Overall Total	**18,989**	**18,214**	**0**	**0**	**37,203**

* - awaiting Government announcement.

Future Developments - subject to further detail and approved business cases					
S106 Schemes - externally funded tbc	tbc	tbc	tbc	tbc	tbc

A&C CAPITAL PROGRAMME 2017/18 to 2020/21

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
Commitment b/f					
Replacement of mobile libraries	200				200
Extracare Provision - Loughborough (Derby Road) contribution to East Midlands Housing Scheme	310				310
Changing Places / Toilets (facilities for people who need personal assistance)	100				100
New Starts					
Smart Libraries - Invest to Save - subject to business case	100	855			955
Libraries - Broadband Expansion	30				30
Libraries - reconfiguration of space	0	370			370
Better Care Fund (BCF) *	3,000	3,000	3,000	3,000	12,000
Total A&C	**3,740**	**4,225**	**3,000**	**3,000**	**13,965**

* - awaiting Government announcement.

Future Developments - subject to further detail and approved business cases					
Record Office / Collections Hub	tbc	tbc	tbc	tbc	tbc
Bosworth Battlefield Heritage Centre	tbc	tbc	tbc	tbc	tbc
Health and Social Care Service User Accommodation	tbc	tbc	tbc	tbc	tbc
Mobile Working - Promoting Independence / Care Pathway Improvements Programme	tbc	tbc	tbc	tbc	tbc

E&T TRANSPORT CAPITAL PROGRAMME 2017/18 to 2020/21

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
Commitments b/f					
Zouch Bridge Replacement	1,709	1,075			2,784
Advance Design - Strategic Economic Partnership	1,000	1,000	2,728	4,145	8,873
County Council Vehicle Programme	1,900	1,700	1,700	1,700	7,000
Melton Depot - Replacement	500	1,250			1,750
Street Lighting (LED Installation,CMS System and de-illumination of street signs)	9,000	5,000			14,000
	14,109	**10,025**	**4,428**	**5,845**	**34,407**
Strategic Economic Plan (SEP)					
Leicester North West Major Scheme	250				250
Hinckley Area Approach - Zone 4	800				800
Melton Mowbray Eastern Distributor Road - Business Case Development	800	2,000			2,800
	1,850	**2,000**	**0**	**0**	**3,850**
New Starts					
Transport Asset Management*		11,100	10,600	9,100	30,800
Capital Schemes and Design	1,677				1,677
Bridges	1,040				1,040
Flood Alleviation- Environmental works	850				850
Street Lighting	1,000				1,000
Traffic Signal Renewal	200				200
Preventative Maintenance - (Surface Dressing)	4,070				4,070
Restorative (Patching)	2,890				2,890
National Productivity Investment Fund - Grant	2,679				2,679
Welfare Unit / Transportation	40				40
Safety Schemes	500	500			1,000
Highways Maintenance - IT renewals	75	75			150
	15,021	**11,675**	**10,600**	**9,100**	**46,396**
Total E&T	**30,980**	**23,700**	**15,028**	**14,945**	**84,653**

* indicative figures for 2018/19, awaiting Government confirmation

* programme amended by -£3.4m (2017/18), -£3.4m (2018/19), -£3.2m (2019/20), £3.1m (2020/21) for estimated substitution to E&T revenue budget

Future Developments - subject to further detail and approved business cases					
S106 Schemes - externally funded tbc	tbc	tbc	tbc	tbc	tbc
M1 Junction 23 subject to successful funding bids	tbc	tbc	tbc	tbc	tbc
County wide parking strategy	tbc	tbc	tbc	tbc	tbc

E&T WASTE MANAGEMENT CAPITAL PROGRAMME 2017/18 to 2020/21

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
New Schemes					
Recycling Household Waste Sites Improvements - Drainage	150	250	115		515
Recycling Household Waste Sites Improvements and works	150	150	150	150	600
Total Waste Management	**300**	**400**	**265**	**150**	**1,115**

CHIEF EXECUTIVES CAPITAL PROGRAMME 2017/18 to 2020/21

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
Shire Community Solutions Grants	100	100	100	100	400
Total Chief Executives	**100**	**100**	**100**	**100**	**400**

Future Developments - subject to further detail and approved business cases					
Expanding Registrars Service - create wedding venues to generate income	tbc	tbc	tbc	tbc	tbc

CORPORATE RESOURCES CAPITAL PROGRAMME 2017/18 to 2020/21

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
ICT:					
Local Area Network (LAN) Edge Refresh - County Hall & Remote sites	325	70	450	100	945
Wide Area Network (WAN) Replacement	0	450			450
Storage Area Network (SAN),Network Attached Storage (NAS) Replacement & Cisco Nexus	0	400	100		500
ICT Infrastructure replacement (back up, hyper V servers)	360	300	160	185	1,005
Firewall replacements	0	40	0	140	180
Sub total ICT	**685**	**1,260**	**710**	**425**	**3,080**
Strategic Property					
County Farms Estate - General Improvements	200	200	200	200	800
Industrial Properties Estate - General Improvements	250	250	200	200	900
Central Maintenance Fund - major works	500	500			1,000
Charnwood Locality Office Accommodation (refurbishment of Pennine House , Loughborough)	700				700
Snibston & Country Park Future Strategy	400	1,000			1,400
Beacon Hill Café and Education Centre	150				150
Sub total Strategic Property	**2,200**	**1,950**	**400**	**400**	**4,950**
Total Corporate Resources	**2,885**	**3,210**	**1,110**	**825**	**8,030**

Future Developments - subject to further detail and approved business cases					
Cross Cutting projects					
Digital Services	tbc	tbc	tbc	tbc	tbc
Commercial Investments	tbc	tbc	tbc	tbc	tbc
LLR Point of Access	tbc	tbc	tbc	tbc	tbc
Major System Replacements, Oracle, IAS, Frameworki, STADS, Customer Service Centre	tbc	tbc	tbc	tbc	tbc
Virtual Desktop Infrastructure (VDI) refresh required	tbc	tbc	tbc	tbc	tbc
Watermead Country Park - Bridge	tbc	tbc	tbc	tbc	tbc
Workplace Strategy (previously the County Hall Masterplan)	tbc	tbc	tbc	tbc	tbc

CORPORATE CAPITAL PROGRAMME 2017/18 to 2020/21

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
Corporate Asset Investment Fund					
Airfield Business Park - Phase 1	2,990	4,820	350		8,160
Coalville Workspace Project	4,090	650			4,740
Rural Workspace Project	190	2,430	1,530		4,150
Asset Acquisitions / New Investments	3,000	2,000	2,000	1,270	8,270
	10,270	**9,900**	**3,880**	**1,270**	**25,320**
Energy Strategy					
Energy & Water Strategy Invest to Save	1,000	800	250	250	2,300
Score+ (Schools energy trading)	0	1,000	1,000	1,000	3,000
	1,000	**1,800**	**1,250**	**1,250**	**5,300**
Rural Broadband Scheme					
Rural Broadband Scheme - Phase 2	**4,830**				**4,830**
Total Corporate Programme	**16,100**	**11,700**	**5,130**	**2,520**	**35,450**

Future Developments - subject to further detail and approved business cases					
Loughborough University Science Enterprise Park (LUSEP)	tbc	tbc	tbc	tbc	tbc
Mira Enterprise Zone	tbc	tbc	tbc	tbc	tbc
One Public Estate - subject to business case analysis and trading potential	tbc	tbc	tbc	tbc	tbc
Integrated Sexual Health Service - potential relocation	tbc	tbc	tbc	tbc	tbc
Asset Acquisitions Future Investments					
Office Development, Leaders Farm, Lutterworth	tbc	tbc	tbc	tbc	tbc
Development , Highfield Street, Coalville	tbc	tbc	tbc	tbc	tbc
Airfield Farm Phase 2	tbc	tbc	tbc	tbc	tbc
Rural Workspace Phase 2	tbc	tbc	tbc	tbc	tbc
Invest to make - other LCC sites (farms, industrial)	tbc	tbc	tbc	tbc	tbc
Asset Investment Fund Energy additions	tbc	tbc	tbc	tbc	tbc
Rural Broadband Scheme - Phase 3	tbc	tbc	tbc	tbc	tbc

APPENDIX G

CAPITAL STRATEGY 2017 – 2021

Introduction

The Capital programme is derived primarily from the County Council's Strategic Plan. The Capital Strategy was last updated in February 2016 as part of the Medium Term Financial Strategy.

Background

Capital expenditure involves the acquisition, creation or enhancement of fixed assets with a long term value to the Council. Fixed assets shape the way services are delivered in the long term and create financial commitments for the future, including capital financing and ongoing revenue costs. The classifications are as follows:

Category	Asset type
Intangible Assets	ICT Software
Property, Plant and Equipment	Land and Buildings
	Vehicles, Plant, Furniture & Equipment
	Infrastructure Assets (Roads and Highways)
	Community Assets(including Country Parks and Historic Buildings)
	Surplus Assets
	Assets under Construction
Investment Properties	Investment Properties – held for income earning/capital appreciation
Assets Held for Sale	Assets Actively Marketed for Disposal
Heritage Assets	Assets held that contribute to the knowledge and history of the area

The Council applies a de-minimis limit of £10,000 for individual items to be charged as capital expenditure. Items below this limit are charged to revenue in the year that it is incurred.

Capital Programme 2017/18 onwards

The four year capital programme totals £180.8m over the period 2017-2021. The programme is funded by a combination of central government grant, external grants, capital receipts and contributions from revenue balances and earmarked funds.

The overall approach to developing the capital programme is based upon the following key principles;

- To invest in a limited number of priority areas including roads, infrastructure, economic growth and projects that generate a positive revenue return.
- Passport central government capital grants received for key priorities for highways and education to those departments.
- Maximise the achievement of capital receipts

- Maximise other sources of income such bids to the LLEP, section106 developer contributions and school contributions
- No or limited prudential borrowing.

Children's and Family Services (C&FS)

Government capital funding received for the C&FS programme will be ringfenced to the department. With increased demand for new school places (and long term population increases) and increased building maintenance, the Council recognises that this is a significant problem. The Council is developing a long term plan to solve this which will include; maximise funding from external funding, including school contributions to projects, maximise section 106 claims/ contributions, capital grants and funding from the Department for Education. Where new schools are required the County Council will seek to maximise section 106 contributions to cover the full capital costs.

Environment and Transport (E&T)

Government capital funding received for the E&T programme will be ringfenced to the department. With the continued pressure to deliver improvement schemes, to undertake advanced design work and to provide match funding for grant bids (including those through the LLEP), other funding sources will be maximised including Section 106 and other develop funding.

The County Council recognises the pressure on infrastructure growth and the need to carry out modelling and advanced design for future priority schemes in order to maximise the chances of securing this additional grant funding when opportunities arise.

Corporate Asset Investment Fund

The County Council owns and manages 'investment' properties in the form of Industrial and County Farms Estates. These properties are held for the purposes of supporting the delivery of various economic development objectives and also prioritising revenue and capital returns to the County Council.

The industrial and farms portfolios have played an increasingly important and valuable role for the County Council. Capital receipts from sales from the Farms Estate have made a significant contribution to funding the Council's capital programme. It is recognised that it is necessary to continue re-investing into the property portfolios to ensure they continue to perform at current high levels and to enhance the Authority's financial resilience in the longer term as well as delivering other benefits, such as economic development and/or regeneration.

The Corporate Asset Investment Fund will be used to add to the County Council's portfolio of property and land assets including farms and commercial properties with a view to:

a) Ensuring that there is a more diverse range of properties available to meet the aims of economic development
b) Increasing the size of the portfolio
c) Improving the quality of land and property available and

d) Ensuring the sustainability of the County Farms and industrial portfolio by replacing land sold to generate capital receipts.

Funding of £25.3m has been allocated over four years from 2017/18 in the Medium Term Financial Strategy. The fund would have the incidental benefit of generating a surplus which could be used to support the County Council's functions in these areas.

Invest to Save

The County Council will continue to invest in projects that generate appropriate revenue savings such as energy efficiencies, street lighting and other transformation projects that enable improved and/or new ways of delivering services.

Discretionary Funding

All departments are able to bid for discretionary funding. The main areas of funding other than government grants for schools and transport are:

Capital receipts - the generation of capital receipts is a key priority for the County Council. Over the next four years, capital receipts from new sales are estimated to total £17.5m.

Revenue / Earmarked Funding - one off contributions from earmarked funds and the revenue budget will be used to contribute to the capital programme where funding permits. A total of £47.8m is available to be invested over the four years to 2021.

Capital Earmarked Funds/ External funding – a total of £19.6m is available over the four year capital programme. This includes funding from section 106 developer contributions, capital contributions unapplied brought forward from previous years and capital receipts unapplied brought forward from previous years. As externally funded projects are developed additional schemes and contributions, particularly section 106 funded projects, will be added to the capital programme.

Borrowing - the approach has been not to utilise prudential borrowing for capital projects due to the ongoing costs to finance the debt. The forecast level of debt for the County Council as 31st March 2017 is £275m and costs circa £23m per annum in financing costs.

Overall, there is a balance of discretionary funding available of £16.7m held for future projects. Where projects are not yet fully developed or plans agreed these have been included under the heading of 'Future Developments' under each departmental programme. It is intended that as these schemes are developed during the year they are assessed against the available resources and included in the capital programme as appropriate. For example the Collections Hub scheme has been placed in the future development category until the approach to the Record Office, currently beyond capacity, is resolved so that the programme only includes the schemes that are sufficiently well developed to be delivered.

There are a number of schemes included as future developments which could exceed the estimated available resources. A prioritisation of the schemes will be developed together with consideration of additional funding options available, for instance any underspends in the MTFS.

Asset Management Planning

Land and Buildings

Asset Management is part of the Strategic Property Service. The section, in conjunction with service areas, develops all the estate strategies, asset management plans and property elements of the corporate capital and revenue programmes, and provides the strategic direction for the use, management, development, planning and procurement of the Council's property resources.

The Asset Management team seeks to ensure the Council is making full use of all the retained assets, and any under-performing or surplus assets are identified and dealt with by either their disposal to bring in resources to assist in support of the capital programme or investment to improve their usage. Outcomes from condition survey information together with on-going reviews of the property portfolio feeds into the capital and revenue programmes.

The team's management of its corporate land and property resources has a continuing role in determining the Council's ability to ensure and underpin the financial sustainability of the organisation and to meet future service delivery requirements. Additionally the team seeks to reduce property operating costs, increase revenue income and deliver capital receipts to support the capital programme.

Specific initiatives for 2017/18 include the continuing development and enhancement of capital construction and procurement processes; delivery of capital receipts through an active disposals programme; and the continuing development of opportunities to reduce property operating costs and to create new revenue income streams.

The property energy strategy continues to deliver key programmes of invest-to-save projects, new procurement approaches and working practices required to reduce the Council's energy consumption across its property estate. It is helping to reduce financial costs and carbon emissions through the development of new investment opportunities in energy resources. The environmental aspects of the Council's operations have been supplemented this year by the adoption of a Water Strategy to develop initiatives for the reduction of water use and thereby reduce cost.

The Asset Management team seeks to deliver a strong client focus working closely with departments, other stakeholders and with an increasing focus on joint working and partnership initiatives.
The forward strategy for the County Council's estate is set out in its Corporate Asset Management Plan. This document includes how its property capital and revenue programmes have performed contrasted with its achievements in the previous year.

Highway and Associated infrastructure

Environment and Transport are currently updating its departmental commissioning strategy that will reflect corporate priorities, set strategic direction for the department and provide context against which to review policies.

The Council's key transport policy document is the Local Transport Plan 3 (LTP3). This provides the long term strategy within which the Council manages and maintains its network. LTP3 will be reviewed to reflect changes in the County Council's strategic outcomes and departmental reviews.

In light of the continuing financial challenge the Council's priority is only to add to the highway network where this will help to enable new housing and jobs. Furthermore, additions will normally be considered only in circumstances where specific external funding can be secured to achieve this.

Further improvements to the highway network will require continued pursuit of external resources such as Government grants, developer funding and Single Local Growth Fund (via the Leicester and Leicestershire Economic Partnership), supplemented by County Council generated capital receipts where possible. The County Council has recently received additional funding for 2017/18 through from the Government's National Productivity investment Fund. How this funding will be allocated in future years has not yet been clarified other than that it will be through a competitive process. It will therefore be important to allocate resources, where available, to the development of high quality scheme bids to ensure that the County Council does not lose out through the increasingly competitive element to government funding. Advanced Design funding will be utilised for this purpose.

In order to maximise the impact of funding that can be secured for improvements, the County Council is doing more to define the roles of the various elements of the road network so that it is able to target investment where it will be of most benefit, particularly in terms of supporting economic prosperity and growth.

Procurement

The procurement of projects within the capital programme will follow the Councils approved contract procedure rules and where applicable the Public Contracts Regulations 2015.

Financial Monitoring

All schemes within the capital programme are monitored and reported on a regular basis to members throughout the year and at year end to update them on progress and any significant variations in costs.

Consultation

The views of the people of Leicestershire determine the priorities set out in the County Councils Strategic Plan, which in turn determine the capital programme priorities. In addition, relevant stakeholders should be consulted when individual capital schemes are being developed.

Summary

Given the declining financial position it is important that all capital projects are delivered within existing resources allocated. The County Council has developed a long term Infrastructure Plan that will influence the strategic allocation of limited resources especially for schools and transport where long term forecasts show significant pressures over the next 15 years.

APPENDIX H

Risk Management

POLICY STATEMENT AND STRATEGY

Risk Management Policy Statement

1. All organisations face risk. Local Authorities need to understand risk in order to be able to make bold decisions on behalf of citizens. Authorities which stimulate effective and efficient risk management and strive to create an environment of ‘no surprises’ should be in a stronger position to deliver objectives, sustain services and achieve better value for money. The emphasis is on recognising and grasping opportunity, where calculated risk is accepted and even applauded.

2. Local government’s purpose and its relationships with Europe, the UK Government and local stakeholders are being rapidly redefined. Authorities are already in a new norm that is volatile, uncertain, complex and ambiguous. Continuing austerity, future economic uncertainty, escalating pension liability, loss of experience and knowledge, increased expectations and understanding the drivers of demand alongside concerns about councils having the capacity and capability to respond are creating a lasting change. The movement from being service providers to service commissioners and strategic partners in order to facilitate long term outcomes, adds new layers of complexity and risk, but also opens up new opportunities for innovation, collaboration, transformation, community engagement and new approaches to service delivery. These include prevention and integration strategies collaborating with communities and other partners, embracing digital technology, venturing into commercial and income generating activities and decentralising government powers to newly formed and jointly governed combined authorities.

3. Leicestershire County Council (the Council) recognises that in order to successfully achieve its own fundamental transformation, effective risk management is vital. The Council will develop and embrace a culture where managers are encouraged and supported to be innovative whilst understanding the risk and implications so they might make informed decisions in order to achieve objectives and deliver results. By being risk aware, reviewing its risk appetite and tolerance, the Council will be better placed to both take advantage of opportunities and manage threats.

4. This Risk Management Policy Statement and supporting documentation form an integrated framework that supports the Council in the effective management of its risk. In implementing the framework, the Council provides assurance to its stakeholders, partners and customers that the identification, assessment, evaluation and management of risk, plays a key role in the delivery and achievement of the vision contained in its Strategic Plan 2014-18 and all of its other plans, strategies and programmes. In order for risk management to be most effective, and become an enabling tool, a robust, consistent, communicated and formalised framework will be applied across the Council.

5. This Policy has the full support of Members and the Chief Executive, who are committed to embedding risk management throughout the Council and is reliant upon the co-operation and commitment of all management and employees to ensure that resources are utilised effectively.

Signed: John Sinnott Title: Chief Executive Date: 12th January 2017

Leicestershire County Council Risk Management Strategy

1.0 Defining Risk and Risk Management

> Under ISO31000 'Risk management – Principles and guidelines'–
>
> Risk is defined as:
>
> '*The effect of uncertainty on objectives, where effect is any deviation from the expected – positive or negative'*
>
> Risk Management is defined as:
>
> *Coordinated activities to direct and control an organisation with regards to risk*

The effect of uncertainty on achieving an organisation's objectives is risk. Risk management is the process of ascertaining what might go wrong, what the potential consequences may be, what could trigger the occurrence and deciding how best to minimise the risk materialising. If it does go wrong, as some things inevitably will, proactive risk management will ensure the impact is kept to a minimum.

This Risk Management Strategy outlines how Leicestershire County Council (the Council) will use risk management to successfully deliver corporate, departmental and service, objectives and priorities.

2.0 Why undertake risk management?

Statutory requirements

Part 2 of the Accounts and Audit Regulations 2015 (Internal Control) places explicit requirements on the Council around risk, that is: -

- Paragraph 3(c) - the Council must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk;
- Paragraph 4.4(a - iii) – the Chief Financial Officer must determine, on behalf of the Council financial control systems which must include measures to ensure that risk is appropriately managed;
- Paragraph 5(1) the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management processes.

Constitutional requirements

The Council's Corporate Governance Committee has delegated functions:

- the promotion and maintenance within the Authority of high standards in relation to the operation of the Council's Code of Corporate Governance and in particular to ensure that an adequate risk management framework and associated control environment is in place
- Monitor the arrangements for the identification, monitoring and management of strategic and operational risk within the Council

Principle D (Decision-making) of the Council's Code of Corporate Governance requires that the Council will take informed and transparent decisions which are subject to effective scrutiny and managing risk. In order to achieve this, the Council will ensure that an effective risk management system is in place.

3.0 Benefits of risk management

Risk management is a tool that forms part of the governance system of the organisation. When applied appropriately it can bring multiple benefits:

- Helps the Council achieve its stated objectives and improves the likelihood of delivering its intended outcomes.
- Provides a framework for the effective management of significant risks
- Allocation of responsibility and accountability for risks and associated controls and any actions required to improve controls.
- Helps managers to demonstrate good governance, better understand service, project or partnership risk profiles and better mitigate risks (particularly uninsurable ones).
- Helps the Council to anticipate and respond to changing social, environmental and legislative requirements.
- Helps to enhance political and community support and satisfy stakeholders', partners' and customers confidence and trust.
- Better informed strategic decisions leading to increased effectiveness of transformation projects and programmes and improved efficiency of operations.
- Protection of budgets from unexpected financial losses.
- Protection of assets, reputation and people

- Reduces the risk of fraud and corruption
- Can gain a competitive advantage

4.0 Risk Management Strategy objectives

The objectives of the Risk Management Strategy are to:

- Integrate risk management fully into the culture of the Council and into its corporate and service planning processes;
- Improve the framework for identifying, assessing, controlling, reviewing and reporting and communicating risks across the Council;
- Improve the communication of the Council's approach to risk management;
- Improve the coordination of risk management activity across the Council;
- Ensure that the Corporate Management Team (CMT), Corporate Governance Committee and external stakeholders can obtain necessary assurance that the Council is mitigating the risks of not achieving key priorities and thus complying with corporate governance practice;
- Manage risk in accordance with best practice and ensure compliance with statutory requirements

5.0 Risk Appetite and Risk Tolerance

The Council recognises that only by taking risks can it achieve its aims and deliver beneficial outcomes to its stakeholders.

The Institute of Risk Management (IRM) defines risk appetite as "the amount of risk an organisation is willing to seek or accept in the pursuit of its long term objectives" and is about looking at both the propensity to take risk; and the propensity to exercise control. Risk tolerance is defined as the boundaries of risk taking outside of which the organisation is not prepared to venture in the pursuit of its long term objectives.

Risk appetite and risk tolerance help an organisation determine what high, medium and low risk is. In deciding this, the organisation can:

- More effectively prioritise risks for mitigation
- Better allocate resources
- Demonstrate consistent and more robust decision making

- Clarify the thresholds above which risks need to be escalated in order that they are brought to the attention of senior management and/or Members.

Corporate Management Team has collectively agreed that the Council currently exists in a 'riskier' environment and that this is likely to continue. In reality this will mean continuing to develop an understanding of acceptable risk levels (high, medium or low), depending on their impact and likelihood. Defining levels allows risks to be prioritised and appropriate actions assigned so that the management of identified risks will be proportionate to the decision being made, or the size of the impact on service delivery.

The Council will take risks in a controlled manner, thus reducing exposure to a level deemed acceptable. In order to take advantage of opportunities, the Council will support innovation and the imaginative use of resources. However, the Council will seek to control all highly probable risks which have the potential to:

- Cause significant harm to service users, staff and the public;
- Severely compromise the Council's reputation;
- Significantly impact on finances;
- Jeopardise the Council's ability to undertake it's core purpose;
- Threaten the Council's compliance with law and regulation
- Create opportunity for fraud and corruption

Taking the above into consideration, the Council's current overall risk appetite is defined as 'Open'. This means that the Council is prepared to consider all delivery options and select those with the highest probability of productive outcomes even where there are elevated levels of associated risk. However, the Council's risk appetite is determined by individual circumstances. There will be areas where greater risk will be taken in supporting innovation in service delivery. These occasions will be offset by times when it maintains a lower than cautious appetite for example, in matters of compliance with law and public confidence in the Council. Risk appetite can therefore be varied for specific risks, provided this is approved by appropriate officers and/or Members.

The Council will review risk appetite and tolerance annually to ensure risks are being managed adequately.

6.0 Risk Management Maturity

Across all industries, sectors and organisations different levels of risk management maturity exist. Risk management maturity refers to the journey an organisation goes through when managing risk. Mature risk management arrangements are vital to achieve organisational transformation.

The Association of Local Authority Risk Managers (ALARM) has developed and published a National Performance Model for Risk

Management in Public Services to illustrate what good risk management looks like in a public service organisation. There are 5 levels.

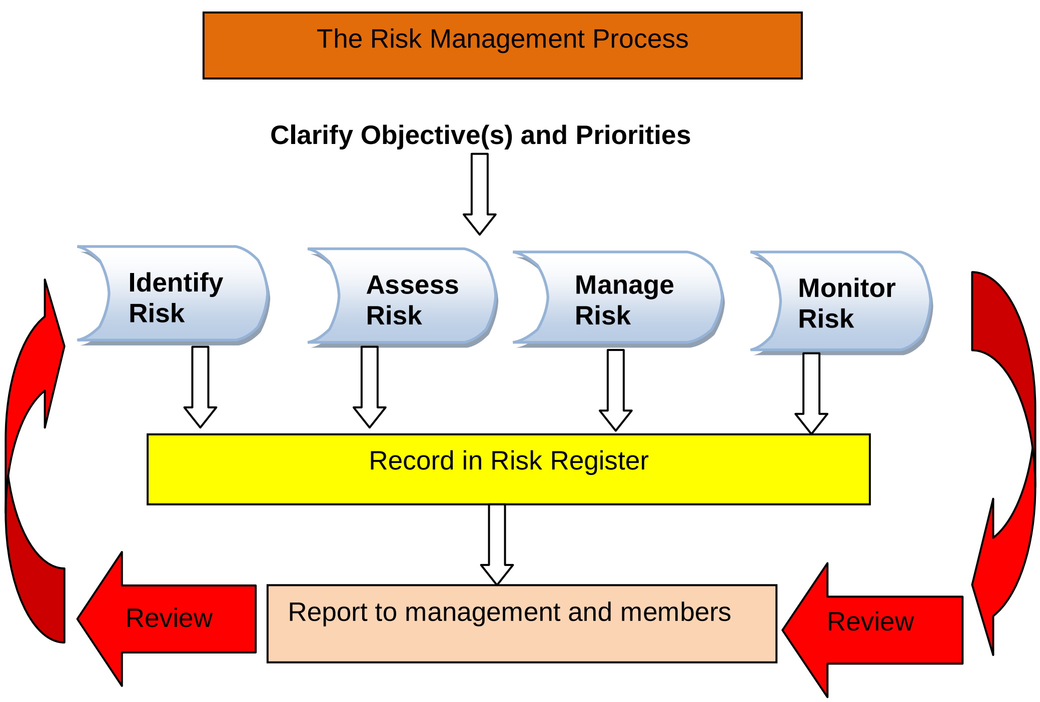
A detailed maturity review[1] was last undertaken and reported in January 2015. This scored the Council's level of risk maturity as between levels 3 ("Working") and 4 ("Embedded and Working"). A number of recommendations were made to further develop risk management processes and an action plan was produced to address the recommendations.

During 2016, significant progress was made to implement the recommendations. Nevertheless, the maturity level remained at Level 3/4 – Between Working and Embedded & Working and further development is necessary in some of the core areas. See Action Plan in Annex A (pages15-16).
The Council will evaluate its risk maturity against ALARM guidance on a three-yearly frequency (maximum[2]) with the next review planned for December 2017.

1. Undertaken using the ALARM Performance Model by a Senior Internal Auditor not routinely involved in the Council's risk management framework, reporting to the Finance Manager within Strategic Finance to directly avoid any conflict of interests.

2. CMT will have the opportunity at each annual policy review to determine if, because of future events, the tri-annual risk maturity assessment should be more frequent.

7.0 The Risk Management Process



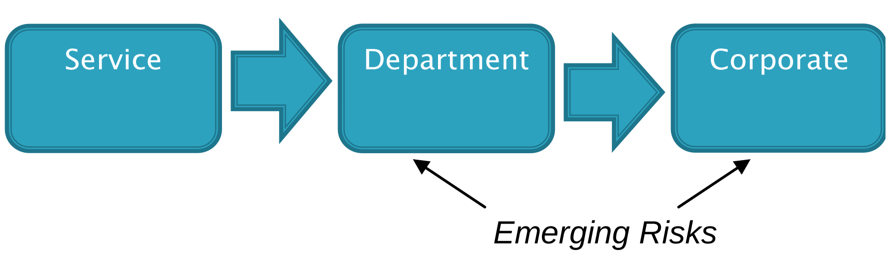
Risk management is a continual process involving the identification and assessment of risks, prioritisation of them and the implementation of actions to mitigate the likelihood of them occurring and impact if they did.The Council's approach to risk management will be proportionate to the decision being made or the impact of the risk, to enable the Council to manage risks in a consistent manner, at all levels.
Explanations of the stages within the risk management process: -

Identify risk	Clarify Objective(s) and Priorities from the Council's Departmental Service Planning process and identify risks which might create, prevent or delay achievement of the Council's objectives
Assess risk	Assess risks (Impact & Likelihood) using the Council's risk assessment criteria prior to the application of any existing/known controls i.e. evaluate the "Original risk score"
Manage risk	Identification and assessment of the controls already in place to mitigate each risk to arrive at the "Current Risk score". If Current Risk score is still high even with controls: • Is the score correct? • Determine the best way to manage the risks e.g. terminate, treat, transfer, tolerate • Determine whether the cost of implementing further mitigating control is merited when compared to the risk reduction benefits achieved. • Development of further SMART actions and assign target dates and responsible officers to achieve the desired "Target Risk score".
Monitor, Review and Report	Use the Risk Management Matrix and Risk Tolerance levels to determine the frequency of review, monitoring, risk escalation and reporting.

The Risk Management Guidance on CIS provides full details of each step within the above process. It also includes various tools and templates that can be used to aid the whole cycle.

8.0 Application

There is an established framework in which consistent application of the process should ensure the flow of appropriate risk information across the Council as follows:



<u>Service and Department Risks</u>:

Departments will undertake a risk identification exercise at least annually, as part of service planning. This will include:

- Risks to achieving objectives identified and assessed by managers at service area level; this should also include business as usual risks.

- Assessment will identify the risks to be managed within the service area and those that may need to be escalated to the next level i.e. Department Risk Register;

- Development of the Department Risk Register including:
    - Department specific risks
    - Business as usual risks (key system/activities)
    - Risks that may have been escalated up from service areas
    - Relevant risks from programmes, projects and partnerships
    - Any department horizon scanning of emerging risks

- In line with the framework, (risk matrix and risk tolerance levels), key risks should be escalated and reported to Departmental Management Team (DMT) regularly, setting clear accountability for managing risks and undertaking further actions/additional controls within the defined timescales;

- Review of department registers to identify continuing ‘high scoring’ risks for escalation to the Corporate Risk Register (CRR) either individually or consolidated with other risks.

This exercise will provide senior managers with a central record of departmental risks, with a clear audit trail of where the risk originates from and also provide assurance that risks are being managed.

<u>High ranking and Corporate and Cross-cutting risks - Corporate Risk Register</u>

This process will provide Directors and Members with a central record of corporate risks, to ensure consideration is given to high ranking, strategic risks that could impact the financial, political or reputational arena.

- Each quarter, Departmental Risk Champions and management teams will review Department Registers to identify and consider risks for escalation to the CRR, either individually or consolidated from Departmental Risk Registers;
- Internal Audit Service will confirm that the quarterly reviews have been consistently undertaken, and co-ordinate the production and

reporting of the CRR, through to CMT and Corporate Governance Committee

- Whilst most risks are expected to come through this route they may not capture all of the strategic risks facing the Council. Therefore horizon scanning, information from relevant publications and minutes from key meetings will also provide a basis for including additional risks on the CRR.

Project, Programme and Partnership Risks

Risks which could impact on achieving the objectives of projects, programmes or partnerships will be managed through the appropriate Project, Programme or Partnership Board and associated governance structures. However, where Project, Programme or Partnership risks impact upon strategic or departmental objectives then consideration should be given as to whether those risks should be identified, assessed and escalated to the appropriate Departmental or Corporate Risk Register. In the case of Projects and Programmes, the decision to escalate to a departmental or corporate level, is ultimately the responsibility of the relevant Senior Responsible Officer (SRO) or Sponsor, supported by the appropriate Project, Programme or Partnership Board.

When a project or programme is closed, the relevant closure report should identify any risks (or issues) that need to transfer to Business As Usual (BAU) ensuring specific and appropriate ownership is identified and clearly articulated. Where appropriate these risks may need to be escalated to the relevant Departmental or Corporate Risk Register.

Specialist areas of risk

Health, Safety & Wellbeing Risks

The Health, Safety & Wellbeing Service provides advice and guidance to managers and staff on all aspects of Health, Safety and Wellbeing.
In addition to providing advice and support, the Health, Safety & Wellbeing Service also help to monitor the performance of the organisation through audits and inspections, set targets for continual improvement, provide operational training and awareness for staff and also respond to accidents / incidents in order to ensure they are adequately investigated and the likelihood of further harm is reduced.
Regular reports are provided to the Departmental Management Teams, Chief Executive and the relevant Scrutiny Board. A separate risk assessment process is in place.

Business Continuity

Business Continuity Management (BCM) is complementary to a risk management framework that sets out to understand the risks to the council, and the consequences of those risks.

By focusing on the impact of disruption, BCM identifies the services which the council must deliver, and can identify what is required for the council to continue to meet its obligations. Through BCM, the council can recognise what needs to be done before an incident occurs to protect its people, premises, technology, information, supply chain, stakeholders, reputation and importantly the services that the council delivers to the people of Leicestershire. With that recognition, the Council can then take a realistic view on the responses that are likely to be needed as and when a disruption occurs, so that it can be confident that it will manage any consequences without unacceptable delay in delivering its services.

The Business Continuity Team co-ordinates the preparation of business continuity plans at a corporate level and for each department. Such plans aim to minimise the likelihood and/or impact of a business interruption by identifying and prioritising critical functions and their resource requirements.

Insurance

Insurance acts as a risk transfer mechanism which reduces the financial risk to the Council. The Council is largely self-insured but transfers the larger risks to an insurance company by contributing a premium. In the event of a financial loss, the Council is entitled to indemnity, subject to the terms and conditions that are in place.
The function provides a comprehensive and professional insurance service including arranging insurance provisions and other related insurance activities as well as processing new and outstanding claims.

Progress against business continuity and insurance activities will also be regularly reported to the Corporate Governance Committee.

Counter Fraud

The Internal Audit Service undertakes an annual Fraud Risk Assessment (FRA). This process seeks to acknowledge the risk of fraud throughout the Council and is an integral step towards how frauds are identified and managed. Scoring (impact and likelihood) is derived through discussions with individual service leads to give them the opportunity, annually, to consider whether scores remain reasonable or whether there have been any changes during the previous year that may lead to necessity to amend scores, e.g. national picture, known frauds, additional controls introduced, and increased or decreased metrics/values.

Recognising fraud in this manner ensures there is a comprehensive understanding and knowledge about where potential fraud and bribery /corruption is more likely to occur and the scale of potential losses. This in turn will direct the Council's overall Anti-Fraud and Corruption Strategy and further allow the Council to direct counter-fraud resources accordingly. Consequently, this influences the internal audit annual planning process.

Regular updates are provided to the Corporate Governance Committee on counter fraud and related initiatives'.

Support

The above process will be supported by the following:

- Ownership of risks (at appropriate levels) assigned to Directors, managers and partners, with clear roles, responsibilities and reporting lines within the Council;
- Incorporating risk management into corporate, service and business planning and strategic and partnership working;
- Use of the Risk Management Toolkit throughout the Council
- Providing relevant training on risk management to officers and Members of the Council that supports the development of wider competencies;
- Learning from best practice and continual improvement;
- Seeking best practice through inter-authority groups and other professional bodes e.g. the Association of Local Authority Risk Managers (ALARM).

9.0 Risk Management Roles and Responsibilities

The following structure is unique to the Council and is influenced by its risk management maturity, resource capacities, skills sets, internal operations and existing operating structures. The Council's risk management framework aligns to existing structures and reporting lines**. Full details** of risk management roles and responsibilities can be found in Annex |B.

Leadership

- Cabinet
- Lead Members
- CMT

Cabinet:
- Understands the key risks facing the Authority, determines the level of risk and ensures risk management is delivered to mitigate risks

Lead Members:
- Have responsibility for understanding the risks facing their areas of accountability and how these risks are being managed.

CMT:
- Manages the level of risk the Authority is prepared to accept.
- Establishes a control environment in which risk can be effectively identified, assessed and managed
- Ensures progress against mitigating actions / controls for risks on the corporate risk register.

Corporate

- Corporate Governance Committee (CGC)
- Corporate Risk Management Group (CRMG)

CGC:
- Ensures that an adequate risk management framework and associated control environment is always in place
- Monitor's the arrangements for the identification and management of strategic and operational risks.

CRMG:
- Provides assurance that the risk management framework and its processes are effective.
- Helps to deliver a consistent approach

Departmental

- DMT
- Service Managers
- Programme / Project / Partnership Boards
- Risk Champions

DMT:
- Ensure the risk management framework is implemented in line with the Councils Risk Management Strategy, and guidance
- Takes full ownership of risks within their departmental risk register and agrees risk mitigation actions, assigns defined timescales and responsibilities – including those departmental risks that are also in the Corporate Risk Register (CRR)

Service Managers:
- Take ownership of all risks that fall within their remit
- Provide assurance to DMT's that these risks are being managed effectively.

Programme / Partnerships:
- Providing assurance that risks and their implications are managed effectively and escalated if appropriate.

Risk Champions:
- Ensure consistent application of the risk management framework within their dept. and provide support and challenge to DMT and Service Managers.

Staff:
- Responsibility for gaining an understanding of the risks facing their area of accountability and how these risks are being managed.
- Report promptly perceived failures in existing control measures that could increase risk

Assurance

Risk Management function *
- Review and challenge risk actions
- Provide assurance that the flow of risk information throughout the Authority is working effectively.
- Collates and co-ordinates, risk management updates for reporting to CMT and CGG
- Arranges the review of risk management maturity

Audit function:
- Review and challenge the effectiveness of the risk management framework including controls in order to form an independent opinion.

Governance function:
- Review and provide assurance within the Annual Governance Statement that the Authority's Risk Management Policy, Strategy, Guidance and Toolkit are being implemented at all levels

***** The Head of Assurance Services (HAS) is responsible for the administration and development of, and reporting on, the Council's risk management framework. For the purposes of the Public Sector Internal Audit Standards (PSIAS), the HAS fulfils the required role of the Council's Head of Internal Audit Service. The PSIAS require that this 'impairment' to independence and objectivity is recorded in the Internal Audit Charter (approved by CGC in November 2016) and (to avoid any conflict of interests) any audits of the risk management framework are overseen from a manager outside of the Service.

10. Continuous Improvement

Regulators and risk management professionals indicate that it is good practice to continuously improve risk management methodologies in line with recommendations from regular assessments and adapt to changing economic conditions.

To this effect, the LCC Risk Management Policy, Strategy, Guidance and related documents will be reviewed at the specified frequency or after the release of new legislation or government guidance that affects risk governance, internal controls, financial management or the regulatory regime for public service organisations. They will also be reviewed following the results of any audit /review by Internal Audit Service or an external third party.

Annex A

Action Plan

This Strategy sets out the developments / actions the Council proposes over the short term future to further improve risk management maturity. These developments include the following actions: -

Action	Target Implementation Date	Complete	Target Implementation Date
To review and revise the Council's Risk Management Policy and Strategy and related guidance with endorsement from Corporate Management Team and Corporate Governance Committee (CGC).	January/ February 2016	Yes	CMT - January 2017 CGC – February 2017
Assist Update of Departmental Service Planning Guidance 2016/17: • Alignment of Risk Registers to the Service Planning Process - 2016/17. To ensure risks recorded link back to departmental and service planning objectives. • Inclusion of the revised Risk Register Templates (2016/17)	January 2016	Yes	N/A
Update and communicate through Manager's Digest, the Council's intranet Risk Management pages to include; • Revised Risk Management Policy & Strategy • Explore opportunity to upload the Corporate and Departmental Risk Registers on the Council's Intranet quarterly following each CGC update • All relevant guidance on methodologies and processes, including the revised Risk Assessment Criteria and Map • Risk Management Toolkit containing the revised risk register templates with guidance • Who to contact: details of the risk management "network", • Links to further information and guidance e.g. ALARM web-site	February/March 2016	Partly Yes No No No Yes No	During 2017/18
Provision of support to Departmental Risk Champions if necessary with the implementation of the revised Risk Register Template.	February – April 2016	Yes-ongoing	February 2017 – April 2018

Develop and introduce key performance indicator(s) for risk management activity to maintain and improve the maturity rating.	April 2016 and ongoing	Yes	Continue monitoring of KPIs
Develop a training matrix to identify the levels of training that need to be attained by staff at different levels in the organisation. Explore differing options E.g. Face to face, CIS, external training. Explore the free training offering from the Council's Insurance providers - Gallagher Bassett's risk management consultancy service.	June 2016	Partly – face to face training and use of Council's Insurers to deliver training	Continue during 2017/18
To ensure that risk management awareness is given adequate prominence in the Council's staff induction procedures.	August 2016	No	During 2017/18
To develop an e-learning module on risk management and to promote its uptake by all relevant officers.	September 2016	No	During 2017/18
To liaise with Chief Executive's Department on any corporate guidance to ensure risks associated with partnerships are captured, particularly where the Council is the lead accountable body. CIS to be updated accordingly.	September 2016	No	During 2017/18
Maintain effective horizon scanning process and communication of new/emerging risks to Risk Champions for assessment and consideration.	Ongoing 2016	Yes	Ongoing – During 2017/18
To participate in a risk maturity exercise in conjunction with other members of the East Midlands Risk Management Group. Also explore opportunities for co-coordinating a Risk Management Health Check with the Council's own Insurers.	N/A	N/A	During 2017

Annex B

Risk Management Roles & Responsibilities

Leadership:

Cabinet

Understands the key risks facing the Council, determines the level of risk and ensures risk management is delivered to mitigate risks by:

- Ensuring that a risk management framework has been established and embedded;
- Approving the Council's Risk Management Policy and Strategy as part of the Medium Term Financial Strategy;
- Ensuring relevant risk considerations (if relevant) are included within reports which may have significant strategic policy or operational implications

Lead Members

- Responsibility for gaining an understanding of the risks facing their area of accountability (in conjunction with the relevant Director) and how these risks are being managed

Corporate Management Team (CMT)

Leading and ensuring effective management, monitoring and review of risk management across the Council by:

- Establishing a control environment and culture in which risk can be effectively assessed and managed;
- Directing the level of risk the Council is prepared to accept (appetite and tolerance levels);
- Encouraging the promotion of risk awareness, rather than risk avoidance;
- Reviewing and, approving the Council's corporate and strategic risks on the CRR quarterly and their importance against the Council's vision and priorities;
- Assisting with the identification of significant new and emerging risks as they become known - for consideration and addition to the CRR;
- Following the review and approval of the CRR, CMT to determine whether a potential reputation or consultation matter needs to be forwarded to the Communication Unit
- Providing challenge to the risk scoring mechanism to ensure risks are managed to add value by aiming to achieve the balance between undermanaging risks (unaware and no control) and over-managing them (over-control) ;
- Ensuring that risk assessments (if appropriate) are detailed in Cabinet or Scrutiny reports upon which decisions are based;
- Reviewing annually the Council's Risk Management Policy and Strategy.

Corporate:

Corporate Governance Committee (CGC)

Provides assurance for the Council that risk management is undertaken and effective by:

- Review effectiveness of the risk management and internal control framework;
- Review the Council's Risk Management Strategy and how it is being implemented
- Receiving regular progress reports on the CRR and other risk management related initiatives;
- Reviewing, scrutinising and challenging the performance of the Council's risk management framework; including reviewing progress against planned actions from the previous quarter;
- Receiving presentations on specific areas of risk;
- Receiving reports from Internal and External Audit to determine the extent to which they indicate weaknesses in control, risk management and governance arrangements.

Corporate Risk Management Group (via Departmental Risk Champion)

Provides assurance that the risk management framework and its processes are working as intended and are effective by:

- Acting as the main contact for their department and its management on risk matters;
- Representing their department at the Corporate Risk Management Group;
- Encouraging the promotion of risk awareness, rather than risk avoidance;
- Assisting in the implementation of any revisions to the risk management framework and promoting use of the Risk Management Toolkit;
- Providing support and training on risk management to Directors, Heads of Service and other managers within their service/department;
- Providing support to the other departments' Risk Champions;
- Maintaining on behalf of the service Directors and Heads, a departmental risk register that complies with corporate guidelines;
- Providing regular risk updates to DMT's as per the agreed reporting criteria and risk timetable;
- Providing challenge to the risk scoring mechanism to ensure risks are managed to add value by aiming to achieve the balance between undermanaging risks (unaware and no control) and over-managing them (over-control)
- Ensuring that corporate risk information and requirements are communicated to the Department;
- Assessing the relevance of corporate, other departmental service, programme, project and partnership risks and their impact on their department;
- Reviewing cross cutting risk areas where risks of one department impacts on the risks of another;

- Providing regular updates to the Internal Audit Service for corporate risks to enable reporting to the CMT and Corporate Governance Committee;

Departmental:

Departmental Management Teams (DMT)

Ensuring that risk management is implemented in line with the Council's Risk Management Strategy by:

- Appointing a Risk Champion /Representative for the department and authorising him/her to progress effective risk management that adheres to corporate guidelines, across their services;
- Ensuring that risk management is integrated within the annual service planning process;
- Taking full ownership of risks within their departmental risk register and agreeing risk mitigation actions, with defined timescales and responsibilities – including those departmental risks that are also in the CRR;
- Reviewing and challenging risk registers for their Service Areas on a quarterly basis if appropriate
- Adhering to the corporate risk reporting timetable so that DMT meetings and risk monitoring tasks are aligned;
- Ensuring that the CRR accurately reflects only those key strategic risks facing the Council. The DMT scrutiny process should encompass a review of all departmentally identified corporate risks (new and those already identified), to critically evaluate the following:
    - Whether the risk is an ongoing corporate risk
    - Are all mitigating actions identified, they are SMART (i.e. Current Controls in place) and working adequately or are additional actions necessary.
    - The Current Risk Score (Impact and Likelihood) is accurate and is not 'over-scored' in terms of likelihood particularly if a range of current controls have been identified as embedded and working adequately
    - Only consider any further actions/ additional controls after determining whether any cost of implementing further mitigating control is merited when compared to the risk reduction benefits achieved. If required, further actions should be SMART and record 'expected timeframe/due date' which should improve the robustness of the Target Risk impact and likelihood scores
- Receiving reports on risk management activity and review key risks regularly;
- Undertaking regular departmental horizon scanning for new or emerging risks, ensuring communication of these through appropriate channels and incorporation within the Departmental Risk Register if appropriate;
- Suggesting recommendations for the removal of current corporate risks that are considered as lower levels of risk;
- Taking ownership of identifying and managing project, partnership and business as usual risks effectively
- Ensuring that risk management considerations are included in all Cabinet, Scrutiny and Regulatory bodies reports in respect of strategic policy decisions;

- Providing assurance on the effectiveness of risk management within their department as part of the Annual Governance Statement process;
- Following the review and approval of the Departmental Risk Register, DMTs to determine whether a potential reputation or consultation matter needs to be forwarded to Communication Unit

Service Managers

Providing assurance to DMT's that risks within their service are being managed effectively by:

- Ensuring that risk management within their area of responsibility is implemented in line with the Council's Risk Management Strategy (i.e. identify, assess, manage and monitor);
- Managing risks on a day to day basis;
- Adhering to the risk scoring mechanism (original, current and target risk scores) outlined in the Strategy to ensure risks are managed to add value by aiming to achieve the balance between undermanaging risks (unaware and no control) and over-managing them (over-control)
- Communicating the results of their service risk assessment to the DMT via their Risk Champion, demonstrating effectiveness of controls in place to mitigate/reduce service risks;
- Managing risks from their areas of responsibility that have been included within the departmental risk register. Where further actions/ additional controls are necessary, ensure they are completed by the planned completion date;
- Identifying new and emerging risks or problems with managing known risks and escalating to the Risk Champion where appropriate;
- Ensuring that they and their staff are aware of corporate requirements, seeking clarification from their Risk Champions when required;
- Identifying risk training needs of staff and informing this to Risk Champions;
- Using the Risk Management Toolkit and guidance.

Programme/Project/Partnerships

Providing assurance that project, programme and partnership risks and their impact are managed and communicated effectively by:

- Ensuring risk management is a regular item on Partnership / Programme/Project Board agendas;
- Reviewing and monitoring risks identified on programme/project/partnerships risks, ensuring that suitable controls are in place and working, or that plans are being drawn up to strengthen existing controls or put in place further controls;
- Identifying new and emerging risks or problems with managing known risks, ensuring communication of these through appropriate channels;
- Escalating appropriate Project, Programme or Partnership risks to the relevant Departmental or Corporate Risk Register where those risks may impact at a Departmental or Corporate level – ultimately the project or programme SRO/Sponsor is accountable for ensuring this happens;

- Ensuring any ongoing risks or issues identified at Project/Programme closure are transferred to the relevant business owner and where appropriate are escalated to Departmental or Corporate Risk Registers.

Risk Champions

- See Corporate section

Staff

- Taking responsibility for gaining an understanding of the risks facing their area of accountability;
- Report promptly perceived failures in existing control measures that could increase risk.
- Take due care to understand and comply with the risk management processes and guidelines of the Council.

Assurance

Risk Management function (in conjunction with the Director of Corporate Resources):

Provide assurance that the flow of risk information throughout the Council is working and effective to produce and maintain the Corporate Risk Register by:

- Leading in the implementation of the revised risk management framework and promoting use of the Risk Management Toolkit;
- Meeting with departments as per the risk management timetable to review and challenge risk registers and emerging risks;
- Identify any potential future internal audit requirements to the Head of Assurance Services
- Coordinating risk management activity across the Council with the support of Departmental Risk Champions/Representatives
- Collating the changes to departmental risks and ensure that the Corporate Risk Register is amended to reflect current position;
- Regular horizon scanning (in conjunction with CMT, DMT Risk Champions and Head of Assurance Services) of information from relevant publications and minutes from key meetings to provide a basis for including additional risks on the Corporate Risk Register;
- Reporting progress on the Corporate Risk Register and other risk management related initiatives to the CMT, Corporate Governance Committee and Cabinet as per the risk management timetable;
- Supporting Departmental Risk Champions/Representatives in their risk management role;
- Communicating corporate risk management information and requirements;
- Reviewing the Risk Management Policy and Strategy at least annually to reflect best practice and initiate improvements;
- Arranging for the review of risk management maturity; benchmarking scrutiny and challenge

- Establishing links with external groups and organisations in order to gain knowledge and share best practice on risk management issues;
- Agreeing mechanisms for identifying, assessing and managing risks in key partnerships;
- Supporting the development and delivery of relevant risk training

Assurance function (Internal Audit)

Review and challenge the effectiveness of the risk management framework, providing independent assurance about the quality of controls that managers have in place, by:

- Creating a risk-based audit plan that is aligned to the Corporate Risk Register and the Departmental Risk Registers;
- Testing and validating existing controls, with recommendations for improvement on identified control weaknesses;
- Reporting outcomes to Director and Corporate Governance Committee;
- Monitoring changing risk profiles based on audit work undertaken, to adapt future audit work to reflect these changes;
- Conduct relevant audits of the risk management framework and maturity but overseen by a manager independent to the Service.

APPENDIX I

EARMARKED FUNDS POLICY 2017/18

General County Fund

The level of the General County Fund will reflect the overall financial environment and the key financial risks faced by the County Council. The amount held will be reviewed at least annually. Any funds in excess of the assessed amount will in the first instance be used to fund one off/time limited expenditure (capital and revenue including invest to save and pump priming initiatives) and secondly to support recurring revenue expenditure over the medium term, subject to the key consideration of sustainability.

Holding non earmarked funds is essential in enabling the County Council to manage unforeseen financial events without the need to make immediate offsetting savings. This allows better decisions to be made and reduce the impact this could have on users of County Council services.

Based on an assessment of risk, the target level for the county fund is within the range of 4% to 5% of net expenditure (excluding schools). The forecast balance of £14.8m (4.3%), at 31st March 2017, is also within that range. In reviewing the level of the County Fund the Cabinet will take advice from the Director of Corporate Resources.

Earmarked Funds

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

- Insurance fund – to meet the estimated cost of future claims not covered by insurance policies.
- Renewals – to enable services to plan and finance an effective programme of vehicle and equipment replacement. These earmarked funds are a mechanism to smooth expenditure on asset replacement so that a sensible replacement programme can be achieved without the need to vary budgets. Departments which do not currently hold renewals funds will be encouraged to do so.
- Trading accounts - in some instances surpluses in excess of the budgeted level are retained by the traded service for future investment.
- Other earmarked funds will be set up from time to time to meet predicted liabilities or unforeseen issues that arise.
- To support transformational and departmental change.
- Meet commitments made that will be incurred in the future. Examples include; completion of projects, County Council contributions to partnership funding, commitments in the MTFS such as the Capital Programme.

The Director of Finance has the authority to take decisions relating to the creation and management of earmarked funds.

Schools Earmarked Funds

Schools balances are held for two main reasons. Firstly, as a contingency against financial risks and secondly, to save to meet planned commitments in future years. Decisions on these funds are taken by individual schools.

Monitoring Policy

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

APPENDIX J

EARMARKED FUND BALANCES

	Revised Balance 01/04/16 £000	Forecast Balance 31/03/17 £000	Forecast Balance 31/03/18 £000	Forecast Balance 31/03/19 £000	Forecast Balance 31/03/20 £000	Forecast Balance 31/03/21 £000
Renewal of Systems, Equipment and Vehicles						
Children & Family Services	1,780	1,590	1,400	1,250	1,100	1,000
Adults & Communities	710	710	710	710	710	710
Environment & Transport	440	980	500	0	0	0
Corporate Resources	1,400	1,450	1,500	1,330	1,180	1,230
Trading Accounts						
Industrial Properties	1,180	780	530	280	200	200
Insurance						
General	11,460	11,460	11,460	11,460	11,460	11,460
Schools schemes and risk management	420	420	420	420	420	420
Uninsured loss fund	7,400	7,400	7,400	7,400	7,400	7,400
Committed Balances						
Central Maintenance Fund	80	0	0	0	0	0
Community Grants	330	200	140	90	30	30
Other						
Children & Family Services						
Supporting Leicestershire Families	2,260	1,740	1,500	690	160	0
C&FS Developments	2,770	2,260	2,000	2,000	2,000	2,000
Youth Offending Service	360	270	10	0	0	0
Special Educational Needs Disability (SEND)	900	410	170	0	0	0
School Based Planning	330	690	540	40	40	40
Adults & Communities						
Adults & Communities Developments	6,890	3,120	2,000	2,000	2,000	2,000
Museums & Arts	40	0	0	0	0	0
A&C Extra Care	610	610	350	350	350	350
Public Health	1,820	1,820	1,420	1,420	1,420	1,420
Environment & Transport						
Commuted Sums	2,300	2,030	1,730	1,430	1,130	830
Civil Parking Enforcement	100	80	50	20	0	0
Waste Infrastructure	1,510	1,460	1,160	760	500	0
Section 38 Income	490	390	290	190	90	90
Section 106	360	210	160	110	60	10
Leicester & Leicestershire Integrated Transport Model (LLITM)	820	1,120	1,420	1,720	2,220	1,420
Major Projects - advanced design	600	350	0	0	0	0
Other	140	130	70	60	50	40
Chief Executive						
Community Planning	200	80	50	40	20	20
Economic Development-General	1,890	1,300	1,250	1,230	1,210	1,230
Economic Develop.-Leics Local Enterprise Fund	200	200	120	60	20	0
Legal	310	240	40	40	40	40
Signposting and Community Support Service	770	460	140	0	0	0
Chief Executive Dept Developments	670	520	380	310	240	180
Corporate Resources						
Corporate Resources Developments	690	490	290	90	90	90
Corporate:						
Transformation Fund	16,590	19,250	13,750	9,650	5,650	1,500
Capital Financing (phasing of capital expenditure)	21,430	34,970	35,700	16,450	7,070	190
East Midlands Shared Services - IT development	430	230	130	130	130	0
Environmental/Energy Efficiency Programme	0	0	0	0	0	0
Elections	630	830	230	430	630	830
Broadband	5,610	5,470	2,770	0	0	0
Business Rates Retention	1,410	1,410	1,410	1,410	2,000	2,000
Local Authority Mortgage Scheme (LAMS)*	-8,400	-8,400	-5,400	0	0	0
Pooled Property Fund investment (Cabinet 11/9/15 £15m and Cabinet 11/10/16 £10m)**	-15,000	-20,000	-25,000	-25,000	-25,000	-25,000
Inquiry and other costs	0	2,000	2,000	2,000	2,000	2,000
TOTAL	**74,930**	**80,730**	**64,790**	**40,570**	**26,620**	**13,730**
Potential Health Transfers	0	3,000	3,000	3,000	3,000	3,000
TOTAL	**74,930**	**83,730**	**67,790**	**43,570**	**29,620**	**16,730**
Schools and Partnerships						
Dedicated Schools Grant	5,320	2,000	1,000	0	0	0
C&FS Health Outcomes	1,640	0	0	0	0	0
Health & Social Care Outcomes	5,080	2,530	780	780	780	780
Leicestershire Safeguarding Children Board	170	0	0	0	0	0
Leicestershire & Rutland Sport	960	700	690	670	640	610
Centre of Excellence	850	850	500	0	0	0
Leics Social Care Development Group	420	420	420	420	420	420
East Midlands Shared Services - other	690	320	70	0	0	0
Total	15,130	6,820	3,460	1,870	1,840	1,810

* LAMS temporarily advanced from the overall balance of earmarked funds pending repayments in 2017/18 and 2018/19
** Pooled Property Fund investments - funded from the overall balance of earmarked funds

APPENDIX K

EFFECT OF COUNTY COUNCIL'S BUDGET DECISION ON 2017/18 COUNCIL TAX

BAND (APRIL 1991 VALUE)			PROPORTION OF BAND D	Main element	ASC Precept	COUNTY COUNCIL'S COUNCIL TAX ELEMENT (2 decimal places)	(4 decimal places)
				£	£	£	£
A	(Up to	£40,000)	6/9	752.10	29.49	781.59	781.5869
B	(£40,001 -	£52,000)	7/9	877.45	34.40	911.85	911.8513
C	(£52,001 -	£68,000)	8/9	1,002.80	39.32	1,042.12	1,042.1158
D	(£68,001 -	£88,000)	1	1,128.15	44.23	1,172.38	1,172.3803
E	(£88,001 -	£120,000)	11/9	1,378.85	54.06	1,432.91	1,432.9093
F	(£120,001 -	£160,000)	13/9	1,629.55	63.89	1,693.44	1,693.4382
G	(£160,001 -	£320,000)	15/9	1,880.25	73.72	1,953.97	1,953.9672
H	(Over	£320,000)	2	2,256.30	88.46	2,344.76	2,344.7606

PRECEPT 2017/18

BILLING AUTHORITY	TAX BASE	PRECEPT £
Blaby	32,448.66	38,042,170
Charnwood	54,583.50	63,992,620
Harborough	33,482.00	39,253,637
Hinckley and Bosworth	37,362.00	43,802,473
Melton	18,110.20	21,232,042
North West Leicestershire	31,262.00	36,650,953
Oadby and Wigston	17,155.70	20,113,005
Total	224,404.06	263,086,900

2017/18 COUNCIL TAX BILL (COUNTY COUNCIL ELEMENT) (EXAMPLE USING BAND D - % INCREASES APPLY TO ALL BANDS)

	2016/17 £	2017/18 £	Increases *
Main Element	1,105.72	1,128.15	1.99%
ASC Precept **	21.68	44.23	2.00%
Total	1,127.40	1,172.38	3.99%

* per Government guidance each percentage is calculated as an increase to the 2016/17 total of £1,127.40

** The following paragraphs are required to be included on Council Tax bills. They explain that the County Council can raise an additional amount of Council Tax, for adult social care, without requiring a referendum.

"The Secretary of State for Communities and Local Government has made an offer to adult social care authorities. ("Adult social care authorities" are local authorities which have functions under Part 1 of the Care Act 2014, namely county councils in England, district councils for an area in England for which there is no county council, London borough councils, the Common Council of the City of London and the Council of the Isles of Scilly.)City of London and the Council of the Isles of Scilly.)

The offer is the option of an adult social care authority being able to charge an additional "precept" on its council tax for financial years from the financial year beginning in 2016 without holding a referendum, to assist the authority in meeting expenditure on adult social care. Subject to the annual approval of the House of Commons, the Secretary of State intends to offer the option of charging this "precept" at an appropriate level in each financial year up to and including the financial year 2019-20."

This page is intentionally left blank

APPENDIX L

TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2017/18

1. This strategy statement has been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services Code of Practice (the Code). Accordingly, the Council's Treasury Management Strategy will be approved annually by the full Council and there will be quarterly reports to the Corporate Governance Committee. The Corporate Governance Committee will consider the contents of Treasury Management Strategy Statement and Annual Investment Strategy at its meeting to be held on 17th February 2017. The aim of these reporting arrangements is to ensure that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

   The Council has adopted the following reporting arrangements in accordance with the requirements of the revised Code:-

Area of Responsibility	**Council/Committee/Officer**	**Frequency**
Treasury Management Policy Statement	Full Council	Annually before start of financial year
Treasury Management Strategy/Annual Investment Strategy	Full Council	Annually before start of financial year
Quarterly treasury management updates	Corporate Governance Committee	Quarterly
Updates or revisions to Treasury Management Strategy/Annual Investment Strategy during year	Cabinet (following consideration by Corporate Governance Committee, wherever practical)	As required
Annual Treasury Outturn Report	Cabinet	Annually by end of September following year end
Treasury Management Practices	Director of Finance	As required
Review of Treasury Management Strategy/Annual Investment Strategy	Corporate Governance Committee	Annually before start of financial year and before consideration by full Council, wherever practical
Review of Treasury Management Performance	Corporate Governance Committee	Annually by end of September following year end

Treasury Management Strategy 2017/18

2. The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Council to set its treasury strategy for borrowing and to prepare an Annual Investment strategy (as required by Investment Guidance issued subsequent to the Act) and this is included as paragraphs 27 – 45 of this strategy; this sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The suggested strategy for 2017/18 in respect of the treasury management function is based upon Officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury adviser, Capita Asset Services.

The strategy covers:

- treasury limits in force which will limit the treasury risk and activities of the Council
- Prudential and Treasury Indicators
- the current treasury position
- the borrowing requirement
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy
- policy on use of external service providers
- the Minimum Revenue Provision (MRP) strategy

Balanced Budget Requirement

3. It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby the increase in charges to revenue is affordable by the County Council. Revenue charges can arise from;

i) interest and principle repayments caused by increased borrowing, and
ii) increases in running costs for the new capital asset.

Treasury Limits for 2017/18 to 2020/21

4. It is a statutory duty under Section 3 of the Act and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”. In England and Wales the Authorised Limit represents the legislative limit specified in the Act.

The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax level is ‘acceptable’.

Whilst termed an “Affordable Borrowing Limit” the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and three successive financial years. Details of the Authorised Limit can be found in annex 2 of this report.

Current Portfolio Position

5. The Council’s treasury portfolio position at 31st December 2016 was:

		Principal £m	Average Rate %
Fixed Rate Funding	PWLB	169.1	6.606
	Market	105.5	4.445
Other Long Term Liabilities		0.0	
		274.6	5.776
Total Investments		164.5	0.780
Net debt		110.1	

The market debt relates to structures referred to as LOBOs (Lenders Option, Borrowers Option), where the lender has certain dates when they can increase the interest rate payable and, if they do, the borrower has the option of accepting the new rate or repaying the loan. All of these LOBOs have passed the first opportunity for the lender to change the rate and as a result they are all classed as fixed rate funding, even though, in theory, the rate could change in the future.

Borrowing Requirement

6. It is not currently anticipated that the Council will take out any net new borrowing in the period covered by the Medium Term Financial Strategy (i.e. 2017/18 – 2020/21), and it is also expected that maturing loans will not be replaced. In recent years the Council has moved from a position of funding a reasonable proportion of its historic capital expenditure internally (i.e. by using cash resources that would otherwise be available to lend on money markets) at a cost of the loss of interest that would otherwise have been earned, to the current position whereby at the end of the 2016/17 financial year there will be more external debt than the Capital Financing Requirement.

7. There are a number of reasons that by the end of the current financial year the Council will be in an 'over borrowed' position but among them no new unsupported borrowing within the capital programme for a number of years, a move by Central Government to switch capital approvals (which required external debt to be raised) to grants and the meaningful levels of voluntary Minimum Revenue Provision (MRP) that have been applied in recent years.

8. The table below shows how the Capital Financing Requirement is expected to change over the period of the MTFS, and how this compares to the expected level of external debt. Although the level of actual debt is expected to exceed the Capital Financing Requirement at the end of 2016/17 and to increase further in future years it is currently prohibitively expensive to prematurely repay existing debt. If there are cost-effective opportunities to avoid, or reduce, an over borrowed position they will be considered as long as they are in the best long-term financial interests of the Council. This will probably require both short and long-term borrowing rates to increase meaningfully from their current level.

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Opening Capital Financing Requirement	267,718	256,920	249,937	242,952
New Borrowing	0	0	0	0
Statutory Minimum Revenue Provision (MRP)	(10,798)	(6,983)	(6,985)	(6,987)
Voluntary MRP	0	0	0	0
Closing Capital Financing Requirement	**256,920**	**249,937**	**242,952**	**235,965**
Opening external debt	274,600	264,600	264,100	263,600
Loans maturing	(10,000)	(500)	(500)	(500)
Closing external debt	**264,600**	**264,100**	**263,600**	**263,100**
Over borrowed/(borrowing requirement)	**7,680**	**14,163**	**20,648**	**27,135**

It should be noted that from the 2018/19 financial year it is proposed to amend the method of calculating the MRP amount, which is part of the proposals for savings within the budget.

Prudential and Treasury Indicators for 2017/18 – 2020/21

9. Prudential and Treasury Indicators (as set out in the tables in Annex 2 to this report) are relevant for the purpose of setting an integrated treasury management strategy. The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management, and this was adopted in February 2010.

Prospects for Interest Rates

10. Following the referendum vote to leave the EU, the Bank of England pre-emptively reduced base rates to 0.25% in August 2016 in the expectation that the UK economy would slow due to the uncertainty that the vote created. Prior to this reduction, base rates had been 0.5% since March 2009.

11. There has been no evidence yet that the UK economy has reacted negatively to the prospect of Brexit, although it should be noted that the triggering of Article 50 and the subsequent negotiations and uncertainties may yet lead to a knock-on effect to the economy. At present the consensus expectation from economists is that base rates will not be moving in any direction for the next twelve months or more, and that, even after this, any increases will be gradual and relatively minor in nature.

12. The range of forecasts produced by economists is relatively narrow, with very few predicting meaningful increases in bank base rates over the next 2 – 3 years. There is, of course, a possibility that the negotiations over Brexit may prove easier or more difficult than is currently assumed, so there is the prospect of these expectations changing. It is, however, very difficult to foresee circumstances that do not involve base rates staying very low for the next few years.

Borrowing Strategy

13. The outlook for borrowing rates - which are linked to Government bond (gilt) yields – is difficult to predict. In recent months gilt yields have risen from the multi-generational lows that were achieved in the wake of the Brexit vote, but they are still no higher than they were this time last year – levels that were also, at that point, multi-generational lows. Theresa May's Government have a more relaxed approach to closing the budget deficit than that of her predecessor and the supply of gilts is likely to be meaningful for a number of years. Eventually there has to be an unwinding of quantitative easing which will see a further increase in gilt availability, so the demand/supply dynamic appears to point to yields rising rather than falling. Any setback in economic growth (not just in the UK, but also globally) may, however, cause investors to reassess the outlook for returns from other assets and a period of stable, or even falling, gilt yields cannot be ruled out.

14. The biggest external factor that will influence gilt yields is the likely expansion of government spending within the US, following the election of Donald Trump. US Treasury bond yields have already risen sharply in reaction to the expected significant increase of supply in the coming years and there is a possibility that they will rise further, particularly as the US is likely to raise their equivalent of base rates on a gradual basis in the years ahead. All investment markets are, to a certain extent, linked to one another as global capital will inevitably flow to those areas where it is considered that it will be best compensated for the risk of investing; if US bond yields rise it would be unusual if bond yields in other markets did not follow this trend.

15. Although borrowing from the Public Works Loans Board (PWLB) is still generally the most attractive external option available to the authority, the expectation of an over borrowed position by the end of 2016/17 makes the use of external borrowing unlikely. Even if the outlook for an over borrowed position changes, which is only likely if repayment of existing debt actually happens, the use of internal borrowing using available cash flows and balances (at a cost of the interest which would otherwise have been gained by lending the money to acceptable counterparties) is a more likely option.

16. Borrowing rates very rarely move in one direction without there being periods of volatility, and it is sensible to maintain a flexible and proactive stance towards when borrowing should be carried out (if, indeed, any borrowing is taken). Likewise it is sensible to retain flexibility over whether short, medium or long-term funding will be taken and whether some element of variable rate funding might be attractive. Any borrowing carried out will take into account the medium term costs and risks and will not be based on minimising short term costs if this is felt to compromise the medium term financial position of the Council.

External v Internal Borrowing

17. The Council currently has significant cash balances invested, and at the end of December 2016 these stood at £164.5m. These balances relate to a number of different items – the General County Fund earmarked funds, provisions, grants received in advance of expenditure, money invested on behalf of schools and simple cash flow are some of them.

18. The Council has, since January 2009, repaid over £80m more of external loans than has been borrowed. There has also been no new borrowing to finance the capital programme over this period, and it is expected that there will be no internal borrowing at the end of the current financial year – in fact, the Council will have more external borrowing than is required to fund the historic capital programme. In an ideal world action would be taken to ensure that an over borrowed position does not occur, but the reality is that this could only happen by the premature repayment of existing debt and this is currently not a cost-effective option. If an opportunity to repay debt occurs that is sensible from a financial perspective, it will be taken.

19. The balance between internal and external borrowing will be managed proactively, with the intention of minimising long-term financing costs. Short-term savings which involve undue risk in respect of long-term costs will not be considered.

Policy on borrowing in advance of need

20. The Council will not borrow in advance of need simply to benefit from earning more interest on investing the cash than is being paid on the loan. If value for money can be demonstrated by borrowing in advance this option may be taken, but only if it is felt that the money can be invested securely until the cash is required.

21 In determining whether borrowing will be taken in advance of the need the Council will;
- ensure that there is a clear link between the capital programme and maturity profile of existing debt which supports taking financing in advance of need
- ensure that the revenue implications of the borrowing, and the impact on future plans and budgets have been considered
- evaluate the economic and market factors which might influence the manner and timing of any decision to borrow
- consider the merits (or otherwise) of other forms of funding
- consider a range of periods and repayment profiles for the borrowing.

22. The current position in respect of the level of actual borrowing in comparison to the Capital Financing Requirement, and a move by Central Government to replace borrowing approvals for capital projects with grants, makes it extremely unlikely that borrowing in advance of need will be used in the foreseeable future.

Debt Rescheduling/Premature Debt Repayment

23. Debt rescheduling usually involves the premature repayment of debt and its replacement with debt for a different period, to take advantage of differences in the interest rate yield curve. The repayment and replacement does not necessarily have to happen simultaneously, but would be expected to have occurred within a relatively short period of time.

24. If medium and long-term loan rates rise substantially in the coming years, there may be opportunities to adjust the portfolio to take advantage of lower rates in shorter periods. It is important that the debt portfolio is not managed to maximise short-term interest savings if this is felt to be overly risky, and a maturity profile that is overly focussed into a single year will be avoided. Changes in recent years to the way that PWLB rates are set, and the introduction of a significant gap between new borrowing costs and the rate used in calculating premia/discounts for premature debt repayments, significantly reduces the probability of debt rescheduling being attractive in the future.

25. If there is meaningful increase in medium and long-term premature repayment rates there is a possibility that premature repayment of existing debt (without any replacement) might become attractive, particularly given the expected over borrowed position. This type of action would only be carried out if it was considered likely to be beneficial in the medium term.

26. All debt rescheduling or premature repayments will be reported to the Corporate Governance Committee at the earliest meeting following the action.

Annual Investment Strategy

Investment Policy

27. The Council will have regard to the DCLG's Guidance on Local Authority Investments ("the Guidance") issued in March 2004, any revisions to that guidance, the Audit Commission's report on Icelandic investments and the 2009 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities are:
    - the security of capital and,
    - the liquidity of its investments
28. The Council will aim to achieve the optimum return on its investments that is commensurate with proper level of security and liquidity. The risk appetite of this Council is low in order to give priority to security of its investments. Borrowing money purely to invest or on-lend is unlawful and this Council will not engage in such activity.

29. The Council's policy in respect of deciding which counterparties are acceptable has always been stringent, and is one reason that the various financial organisations that have got into financial difficulties over the years (BCCI, Northern Rock, the Icelandic Banks etc.) have not been on the list of acceptable counterparties.

30. In broad terms the list of acceptable counterparties uses the list produced by Capita Asset Services (the Council's treasury management advisor) and excludes any party that is included in the Capita list with a maximum loan maturity period of 100 days or less. All counterparties are also restricted to a maximum loan period of one year. There are also other factors taken into account which dictate the maximum value of loans to any counterparty, together with limits on maximum exposure to all counterparties from the same country (with the exception of the UK, where there is no maximum country-level limit).

31. The combination of all these factors produces a counterparty list that comprises only very secure financial institutions, and a list that is managed pro-actively as new information is available. There are no recommended changes to the methods of compiling the counterparty list.

32. The investment instruments identified for use in the financial year are listed below. The limits for both maximum loan periods and amounts will be set in line with the criteria shown in annex 3. This list is identical to the one that was approved as part of the 2016/17 Annual Investment Strategy but has been updated to take account of a potential investment opportunity that would leave the Council with no counterparty risk.

33. The Council has recently been approached by one of the banks from whom we have external borrowing in the form of a LOBO (Lender’s Option, Borrower’s Option). In broad terms their proposal is that a long term loan is placed with them (for a minimum of ten years), and that the loan and borrowing are legally offset against each other – in other words, if the counterparty were to fail, we offset the loan capital that we owe to them against the loan capital that they owe to the Council.

34. If the counterparty that has approached the Council to consider the above transaction is successful in negotiating deals with a number of Local Authorities, there is a real possibility that the other banks that have lent the Council money via LOBOs will also consider the matter. The attraction to the banks is that it reduces the amount of capital that they need to hold, which reduces their overall costs. These transactions will only be entered into if there is absolute certainty about the offsetting nature of the borrowing/lending position and if the terms offered are considered attractive. The loan made by the Council may either be at fixed or variable rate (with the variable rate linked to a market indicator such as LIBOR), or a combination of the two (e.g. fixed for the first 5 years, variable thereafter).

35. There is a requirement within the Annual Investment Strategy to state which of the approved methods of lending are specified, and which are non-specified. In broad terms a specified investment will be capable of repayment within one year and be made to a counterparty with a high credit rating; by implication non-specified investments are more risky than specified investments as they are either for longer periods of time or to lower-quality counterparties. Anything that does not meet either of these ‘tests’ is, by default, non-specified and must be highlighted as such within the Strategy. The long-term nature of any loan that will be placed as part of the ‘LOBO-offset’ transaction described above means that it is non-specified, although the off-setting nature of the borrowing and the loan actually makes it low risk.

36. The Annual Investment Strategy also has to state maximum loan periods and a maximum percentage of the portfolio that can be invested in any investment type. Although it unlikely that any ‘LOBO-offset’ transaction will be entered into for a period as long as 20 years, it is possible that a there will be circumstances whereby a bank is willing to pay a considerable premium for such certainty so the flexibility is sensible. The current value of LOBO borrowing is around 60% of the average loan portfolio size and a 25% maximum is suggested; this will mean that the Council has to be selective in which deals it is willing to enter into and it avoids the risk of placing significant sums of money for very long periods of time.

Investment	Repayment within 12 months	Level of Security	Maximum Period	Maximum % of Portfolio or cash sum (1)
Term deposits with the Debt Management Office	Yes	Government-Backed	1 year	100
UK Government Treasury Bills	Yes	Government-Backed	1 year	100

Term deposits with credit-rated institutions with maturities up to 1 year	Yes	Varied acceptable credit ratings, but high security	1 year	100
Term deposits that are legally capable of offset against existing LOBO borrowing that the Council has^	No	Varied, but off-setting nature of borrowing against loan gives a very low risk	20 years	25
Money Market Funds	Yes	At least as high as acceptable credit – rated banks	Daily, same-day redemptions and subscriptions	£125m
Term Deposits with UK Local Authorities up to 1 year	Yes	LA's do not have credit ratings, but high security	1 year	50
Certificates of Deposit with credit-rated institutions with maturities of up to 1 year	Yes	Varied acceptable credit ratings, but high security	1 year	100

(1) As the value of the investment portfolio is variable, limit applies at time of agreeing investment. Subsequent changes in the level of the portfolio will not be classed as a breach of any limits.

^ Non-specified investment

ø For the sake of clarity, if a forward deal (one where the start of the investment is at some future date) is agreed, the maximum period commences on the first date of investment.

Local Authority Mortgage Scheme

Under this scheme the Council has invested £8.4m, for a period of up to 5 years. This is classified as being a service investment, rather than a treasury management investment.

Leicestershire Local Enterprise Fund

Up to £1m was made available for loans to small and medium-sized Leicestershire businesses via this Fund, which is administered by Funding Circle. This is classified as being a service investment, rather than a treasury management investment. The scheme has achieved its original intentions and the loans advanced are being repaid. The outstanding balance is less than £0.5m.

Pooled Property Fund Investment
As at the end of December 2016 £20m had been invested, or contracts had been entered into to invest, into pooled property funds. A further £5m has been agreed for investment but transactions had not been entered into to action this. This is classified as a service investment, rather than a treasury management investment.

Creditworthiness Policy

37. The Council adopts the suggested counterparty list as produced by Capita Asset Services, subject to a maximum one year loan period and the exclusion of any counterparty with a suggested maximum loan period of 100 days or less. Capita's methodology includes the use of credit ratings from S & P, Fitch and Moody's, factors such as credit outlook reports from the credit rating agencies, the rating of the sovereign government in which the counterparty is domiciled and the level of Credit Default Swap spreads within the market (effectively the market cost of insuring against default). The general economic climate is also considered and will, on occasions, have an impact onto the list of suggested counterparties.

38. Capita Asset Services issue very timely information in respect of changes to credit ratings or outlooks, and changes to their suggested counterparty list are also issued. These reports are monitored within a short time of receipt and any relevant changes to the counterparty list are actioned as quickly as is practical. A weekly summary of the credit ratings etc. of counterparties is also issued and this gives an opportunity to ensure that no important information has been missed.

Country Limits

39. The Capita criteria includes a requirement for the country of domicile of any counterparty to be very highly rated. This is a requirement on the basis that it will probably be the national government which will offer financial support to a failing bank, but the country must itself be financially able to afford the support. The Council's list of acceptable counterparties will include a limit on the maximum amount that can be invested in all counterparties domiciled in a single country (except for the UK) in order to mitigate sovereign risk.

Investment Strategy

40. The investment strategy shall be to only invest in those institutions which are included in the counterparty list, and only to lend up to the limit set for each counterparty. Periods for which loans are placed will take into account the outlook for interest rates and, to a lesser extent, the need to retain cash flows. There may be occasions when it is necessary to borrow to fund short-term cashflow issues, but there will generally be no deliberate intention to make regular borrowing necessary.

Policy on the use of external service providers

41. External investment managers will not be used, except to the extent that a Money Market Fund can be considered an external manager.

42. The Council uses Capita Asset Services as its external treasury management adviser, but recognises that responsibility for treasury management decisions remains with the organisation at all times. Undue reliance on our external advisers will be avoided, although the value of employing an external adviser and accessing specialist skills and resources is recognised.

Scheme of Delegation

43. (i) Full Council
- Approval of annual strategy
- Other matters where full Council approval is required under guidance or statutory requirement

(ii) Cabinet
- Approval of updates or revisions to strategy during the year
- Approval of Annual Treasury Outturn report

(iii) Corporate Governance Committee
- Mid-year treasury management updates (usually quarterly)
- Review of treasury management policy and procedures, including making recommendations to responsible body
- Scrutiny of Treasury Management Strategy/Annual Investment Strategy and Annual Treasury Outturn report.

(iv) Director of Finance (Section 151 Officer)
- Day-to-day management of treasury management, within agreed policy
- Appointment of external advisers, within existing Council procurement procedures

Pension Fund Cash

45. This Council will comply with the requirements of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, which were implemented on 1st January 2010, and will not pool pension fund cash with its own cash balances for investment purposes. Any investments made by the pension fund directly with the County Council after 1st April 2010 will comply with the requirements of SI 2009 No 393.

ANNEX 1

ANNUAL STATEMENT FOR THE DETERMINATION OF THE ANNUAL MINIMUM REVENUE PROVISION (MRP)

Statutory regulations introduced in 2008 require local authorities to make prudent provision for the repayment of debt raised to finance capital expenditure. In addition a statement of the level of MRP has to be submitted to the County Council for approval before the start of the next financial year.

Prudent Provision.

The definition of what is prudent provision is determined by each local authority based on guidance rather than statutory regulation

It is proposed that provision is made on the following basis:

Government supported borrowing (through the formula grant system):

Retention of the pre 2003 arrangements whereby provision for repayment is based on 4% of outstanding debt (i.e. repayment over approximately 25 years) including an optional adjustment used in the transition to the new system in 2004 to avoid debt repayment being higher than under the previous system.

Prudential (unsupported) borrowing and expenditure capitalised by direction of the Secretary of State and certain other expenditure classified as capital incurred after 1st April 2008:

Provision to be based on the estimated life of the asset to be financed by that borrowing, with repayment by equal annual instalments.

The County Council will also look to take opportunities to use general underspends and one-off balances to make additional (voluntary) revenue provision where possible to reduce ongoing capital financing costs.

Financial Implications

MRP is a constituent of the Financing of Capital budget shown within Central Items component of the revenue budget and for 2017/18 totals £10.8m. This comprises £10.4m in respect of supported borrowing and £0.4m in respect of unsupported borrowing incurred since 2008/9.

The extent of unsupported borrowing required to finance the capital programme is not directly linked to any specific projects thus in determining the average life of assets an average of 25 years has been taken as proxy for the average life of assets contained within the discretionary component of the Capital Programme.

ANNEX 2

PRUDENTIAL AND TREASURY INDICATORS

In line with the requirements of the CIPFA Prudential Code for Capital Finance in local authorities, the various indicators that inform authorities whether their capital investment plans are affordable, prudent and sustainable, are set out below.

A further key objective of the code is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability. The indicators for Treasury management are set out in this paper.

Compliance with the Code is required under Part I of the Local Government Act 2003.

	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Capital Expenditure	£102.0m	£101.7m	£83.1m	£71.5m	£34.6m	£31.6m
Capital financing requirement	£284m	£268m	£257m	£250m	£243m	£236m
Ratio of total financing costs to net revenue stream	7.03%	7.31%	5.95%	5.02%	5.05%	4.90%
Impact on Band D Council Tax of unsupported borrowing	£4.40	£4.39	£4.36	£4.37	£4.38	£4.31

The projected level of capital expenditure shown above differs from the total of the detailed four year programme presented in this report as an allowance has been provided to cover estimated additional resources that may become available to the authority during the course of a year, typically late notification and new government grants and new section 106 contributions arising from housing development. Capital expenditure for 2019/20 and 2020/21 is less than previous years as government funding for Children and Family Services has not yet been announced.

The capital financing requirement measures the Authority's need to borrow for capital purposes and as such is influenced by the availability of capital receipts and income from third parties e.g. developer contributions. The decreasing balance in the capital financing requirement reflects the change in government resources from supported borrowing allocations to capital grant, the recognition in the Capital Strategy for no or limited unsupported borrowing and the Councils policy to make additional contributions of voluntary MRP to reduce ongoing capital financing costs.

The prudential code includes the following as a key indicator of prudence:
'In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years'.

In the medium term this indicator will not be met for the reasons explained due to the reduction in the capital financing requirement and the currently prohibitively expensive premiums to repay existing debt. The Council will consider options to reduce this position where they are in the long term financial interests of the Council. Further details are included in the main Treasury Management Strategy Statement and Annual Investment Strategy 2017/18.

The key indicator of affordability is the impact of capital expenditure on Council Tax. The indicator is level over the periods shown reflecting the decision for no new unsupported borrowing.

In respect of external debt, it is recommended that the Council approves the following limits for its total external debt for the next four financial years. These limits separately identify borrowing from other long term liabilities such as finance leases. The Council is asked to approve these limits and to delegate authority to the Director of Finance, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities. Any such changes made will be reported to the Cabinet at its next meeting following the change.

There are two limits on external debt: the 'Operational Boundary' and the 'Authorised Limit'. Both are consistent with the current commitments, existing plans and the proposals in the budget report for capital expenditure and financing, and with approved treasury management policy statement and practices. They are both based on estimates of most likely, but not worst case scenario. The key difference is that the Authorised Limit cannot be breached without prior approval of the County Council. It therefore includes more headroom to take account of eventualities such as delays in generating capital receipts, forward borrowing to take advantage of attractive interest rates, use of borrowing in place of operational leasing, "invest to save" projects, occasional short term borrowing to cover temporary revenue cash flow shortfalls as well as an assessment of risks involved in managing cash flows. The Operational Boundary is a more realistic indicator of the likely position.

Operational boundary for external debt

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Borrowing	274.6	264.6	264.1	263.6
Other long term liabilities	1.3	1.3	1.2	1.2
Total	**275.9**	**265.9**	**265.3**	**264.8**

Authorised limit for external debt

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Borrowing	284.6	274.6	274.1	273.6
Other long term liabilities	1.3	1.3	1.2	1.2
Total	**285.9**	**275.9**	**275.3**	**274.8**

In agreeing these limits, the Council is asked to note that the authorised limit determined for 2017/18 will be the statutory limit determined under Section 3(1) of the Local Government Act 2003.

Comparison of original 2016/17 indicators with the latest forecast

In February 2016 the County Council approved certain prudential limits and indicators, the latest projections of which are shown below:

	Prudential Indicator 2016/17	Latest Projection 16/01/17
Actual Capital Financing Costs as a % of Net Revenue Stream	7.39%	7.31%
Capital Expenditure	£107.7m	£101.7m
Operational Boundary for External Debt	£276.0m	£276.0m
Authorised Limit for External Debt	£286.0m	£286.0m
Interest Rate Exposure – Fixed	50-100%	100%
Interest Rate Exposure – Variable	0-50%	0%
Capital Financing Requirement	£266m	£268m

The latest forecast of external debt, £274.6m, shows that it is within both the authorised borrowing limit and the operational boundary set for 2016/17. The maturity structure of debt is within the indicators set. The latest projection for the capital financing requirement exceeds the indicator set. At the time the indicator was set, this included an estimated £2m voluntary MRP contribution, to be funded from revenue underspends in 2015/16. A decision was subsequently taken not to make the contribution and to use the funds for other strategic investment priorities.

Treasury Management Indicators

The Local Government Act 2003 requires the County Council to ensure that treasury management is carried out with good professional practice. The Prudential Code includes the following as the required indicators in respect of treasury management:

a) Upper limits on fixed interest and variable rate external borrowing.
b) Upper and lower limits for the maturity structure of borrowings.
c) Upper limit for principal sums invested for periods longer than 364 days.

After reviewing the current situation and assessing the likely position next year, the following limits are recommended:

a) An upper limit on fixed interest rate exposures for 2017/18 to 2020/21 of 100% of its net outstanding principal sums and an upper limit on its variable interest rate exposures for 2017/18 to 2020/21 of 50% of its net outstanding principal sums.
b) Upper and lower limits for the maturity structure of its borrowings as follows: Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate:

	Upper Limit %	Lower Limit%
under 12 months	30	0
12 months and within 24 months	30	0
24 months and within 5 years	50	0
5 years and within 10 years	70	0
10 years and above	100	25

c) An upper limit for principal sums invested for periods longer than 364 days is 0% of the portfolio.

The County Council has adopted the CIPFA code of Practice for Treasury Management in the Public Services.

ANNEX 3

POLICY ON APPROVED ORGANISATIONS FOR LENDING

APPROVED ORGANISATIONS FOR LENDING

Institution	Maximum Sum Outstanding/Period of Loan
UK Clearing Banks and UK Building Societies*	£20m/6 months up to £50m/12months
UK Debt Management Office	No maximum sum outstanding/12 months
UK Government Treasury Bills	No maximum sum outstanding/12 months
Foreign Banks	£10m/6 months up to £15m/12 months
Money Market Funds	£25m limit within any AAA-rated fund. £125m maximum exposure to all Money Market Funds
UK Local Authorities	£10m/12 months

*In the event that an investment is entered into which is legally offset against borrowing in the form of a LOBO (Lender's Option, Borrower's Option) from the same counterparty, the maximum period will be 20 years and the maximum sum will be the amount of the LOBO deal against which the legal offset exists.

The list of acceptable institutions will mirror the list of suggested counterparties maintained by Capita Asset Services, except the maximum maturity period will be restricted to 1 year and no institution with a suggested maturity period of 100 days or less will be excluded.

LIMITS FOR INDIVIDUAL FINANCIAL INSTITUTIONS

UK Banks and Building Societies

Maximum Sum Outstanding	£50m	£30m	£20m
Maximum Loan Period	1 year	1 year	6 months
General description	'Special Institutions' (i.e. a significant element of UK-Government ownership) and included in Capita list for period of 1 year or more	Not 'special institutions' and included in Capita list for period of 1 year or more	Included in Capita List for period of 6 months

Overseas Banks

Maximum Sum Outstanding	£15m	£10m
Maximum Loan Period	1 year	6 months
Minimum Fitch Ratings	Included in Capita list for period of 1 year or more	Included in Capita List for period of 6 months

A maximum of £30m can be invested with all banks domiciled within a single country (note: there is no limit for total lending to UK financial institutions).

Some financial institutions have both a parent company and a subsidiary that are licensed deposit takers in the UK. Where this is the case a ‘group limit’ will apply, and this will be the limit that is given to the parent company.

In some cases the parent company will be an overseas institution and they will have UK-registered subsidiaries. Where this is the case the parent company limit will apply at a total group level, even if this limit is less than would be given to the UK subsidiary on a stand-alone basis. Any money invested with a UK subsidiary of an overseas institution will be classed as being invested in the country of domicile of the parent, if the parent is an overseas institution for country-maximum purposes.

If the credit rating of an individual financial institution decreases to a level which no longer makes them an acceptable counterparty the Director of Finance will make a decision on what action to take. Similar actions will be taken if a counterparty is downgraded to a level which allows them to remain on the list of acceptable counterparties, but where the unexpired term of any loan is longer than the maximum period for which a new loan could be placed with them.

In the event that the circumstances highlighted in the above paragraph occur, the Director of Finance will report his decision to the Cabinet and/or Corporate Governance Committee when it is deemed significant enough to do so. If there is considered to be no meaningful risk involved, relative to agreeing a new loan of the outstanding maturity period to the same counterparty, the decision will not be reported.

It should be noted that there will be no legal right to cancel a loan early, and any premature repayment can only be made with the approval of the counterparty and may include financial penalties.

ANNEX 4

TREASURY MANAGEMENT POLICY STATEMENT (TMPS)

1. This organisation defines its treasury management activities as:

“ The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”

2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

This page is intentionally left blank

Leicestershire County Council

Leicestershire's future

Draft financial plan 2017 - 2021
Consultation results

January 2017

Strategic Business Intelligence Team
Leicestershire County Council

Alistair Hay
Research and Insight Officer

Michelle Monamy
Research and Insight Officer

Divya Patel
Research and Insight Officer

Jo Miller
Strategic Business Intelligence Team Leader

Strategic Business Intelligence Team
Strategy and Business Intelligence
Leicestershire County Council
County Hall, Glenfield
Leicester LE3 8RA

Tel 0116 305 7341
Email jo.miller@leics.gov.uk

Produced by the Strategic Business Intelligence Team at Leicestershire County Council.

With support from:

- Communications Team, Leicestershire County Council
- Communities Team, Leicestershire County Council
- Strategic Finance, Leicestershire County Council

CONTENTS

Key findings

In total, 184 responses were received to the consultation survey, the majority of which were residents of Leicestershire (72%).

Nearly a third of respondents (31%) were in favour of paying a Council Tax increase of 2% to fund county council services before any addition of a social care precept, and 31% said they would favour an increase of above 2%. In addition, over two-thirds of respondents (67%) were in favour of increasing Council Tax by 2% to fund adult social care in Leicestershire (the adult social care precept). When asked whether they would support a 3% increase for adult social care next year, responses were evenly split (49% said yes, 51% said no).

Overall, one in five respondents (19%) supported an increase in Council Tax (including any social care precept) of 4%, and 40% were in favour of an increase of above 4%. In contrast, one in five (21%) said they did not want any increase in Council Tax.

When asked whether they agreed or disagreed with how the growth and savings had been allocated across services, response was split; 30% agreed, and 33% disagreed.

When responding to the open-ended questions, respondents often made a number of suggestions as to how the council could adapt to the financial requirements. In the short-term, several respondents felt savings could be made by reducing council staff and councillor expenditure, by prioritising essential, statutory services, and by exploring opportunities for income generation, such as the increased commercialisation of services or lobbying central government for greater funding. In the medium-to-long-term, respondents suggested the council look at the increased investment in measures that would bring savings in the future such as efficient energies, and high-level changes to local government structures such as the development of a unitary authority in order to make savings.

Respondents also regularly voiced a number of concerns. Several respondents disagreed with the reductions to adult and children's social care, and others queried the impact of reducing the budget for highway maintenance.

In addition to the survey responses, two letters were also received from the Leicester & Leicestershire Enterprise Partnership (LLEP) and Leicester Shire Business Council (LSBC). The LSBC recognised the scale of the challenge and the external pressures facing the council, and commended its achievements so far. The LLEP also commended the efficiency savings already made, and stated their full support for the proposals for 2017-21, with specific mention of the projects aimed at promoting economic growth.

The LSBC also outlined the reasons for their concerns at some of the proposed targets for savings in three areas; Highways and Transport, Environment, and the Chief Executive's Department.

Background

The consultation on the detailed budget proposals follows on from the extensive consultation exercise that was carried out over the summer of 2013, which informed the development of the council's four year financial plan, the Medium Term Financial Strategy[1].

During the summer of 2013, the county council heard the views of more than 7,200 residents, staff and stakeholders. Views were gathered through an online survey, a questionnaire that went to every household in the county (via the council's magazine Leicestershire Matters), and three independently facilitated in-depth deliberative workshops with a representative cross-section of Leicestershire residents.

The draft financial plan 2017-21 reflects the above findings, and the consultation exercise on the budget plan was designed to provide another opportunity for residents and community groups to have their views heard and taken into account.

Methodology

Following the publication of the detailed budget proposals, a summary document and survey form were made available on the county council's website for the duration of the consultation period of 13th December 2016 to 10th January 2017.

This provided the opportunity for any member of the public, including Leicestershire County Council employees, to complete the survey. Paper copies of the survey and copies in alternative formats (including easy read) were available on request. A dedicated email address was also provided for the duration of the consultation period for respondents to submit their views should they wish. The consultation was promoted to the Leicester Shire Business Council, the Leicester and Leicestershire Enterprise Partnership, the voluntary and community sector (via Voluntary Action Leicestershire), Parish Councils and the Leicestershire Equalities Challenge Group.

Communication

Awareness of the consultation was raised through three press releases and a lead story on the council's home page. It received coverage through BBC East Midlands Today, the BBC Local Live website, Radio Leicester, the Leicester Mercury and its website, the weekly press, local radio stations such as Harborough FM and local news websites. This was preceded by extensive coverage of the council's draft budget proposals across the press, TV, radio and internet.

It was also promoted via the council's Twitter account, which has 13,000 followers, throughout the consultation period. An email, linking to the consultation page, was issued to 484 residents who had registered for regular budget updates. The opportunity to view the proposals was promoted to staff via the chief executive's newsletter, through internal briefings and emails and two news items on the council's intranet site.

[1]The detailed findings from the 2013 exercise are available on the county council's website www.leics.gov.uk/future.

Questions

The survey asked respondents about Council Tax levels (including the Government's proposed 2% social care precept) and the extent to which they agreed or disagreed with how the budget had been allocated across services. It also asked a number of open ended questions about the budget and the way the council works. These are listed below:

- Are there any specific service reductions you disagree with?
- Are there any additional service reductions or charges you think we should consider?
- Are there any areas where you think we could make further efficiency savings without impacting on services?
- Do you have any comments about the areas identified for growth?
- Do you have any other comments about our draft budget proposals?

An amendment was made to the consultation survey on 16th December 2016 following the proposal by the government on 15th December 2016 to allow some of the future years' social care precept increase to be brought forward, allowing a 3% increase for 2 years instead of 2% for three years.

A range of demographic questions were also asked, namely: gender, gender identity at birth, age, disability, ethnicity, religion, sexual orientation, postcode, whether the respondents are parents or carers of a young person aged 17 or under, or a carer of a person aged 18 or over. See Appendix 1 for the full questionnaire.

Analysis

Graphs and tables have been used to assist explanation and analysis. Question results have been reported based on those who provided a valid response, i.e. taking out the 'don't know' responses and no replies.

The responses of different demographic groups were also statistically analysed, however no significant differences were found.

Results

In total, 184 responses to the survey were received.

Respondent profile

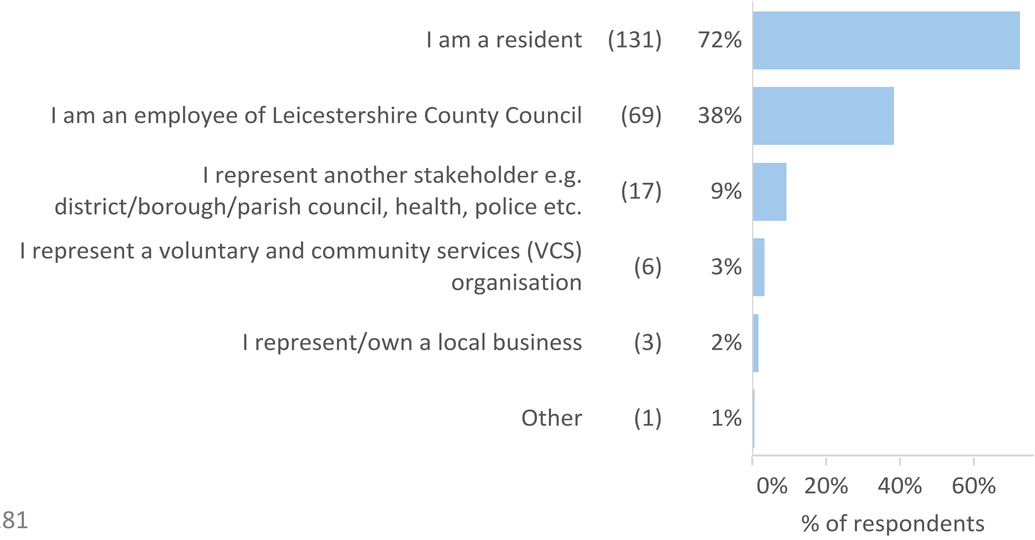
A full respondent profile can be found in Appendix 2.

Question 1 - Role

Respondents were asked in what capacity they were responding to the survey. Chart 1 below shows the breakdown. It shows that most people who completed the survey were responding as residents of the county (72%), followed by employees of Leicestershire County Council (LCC) (38%). Chart 2 shows 54% of respondents were residents but not employees of LCC, 20% were LCC employees and not residents, and 18% were both.

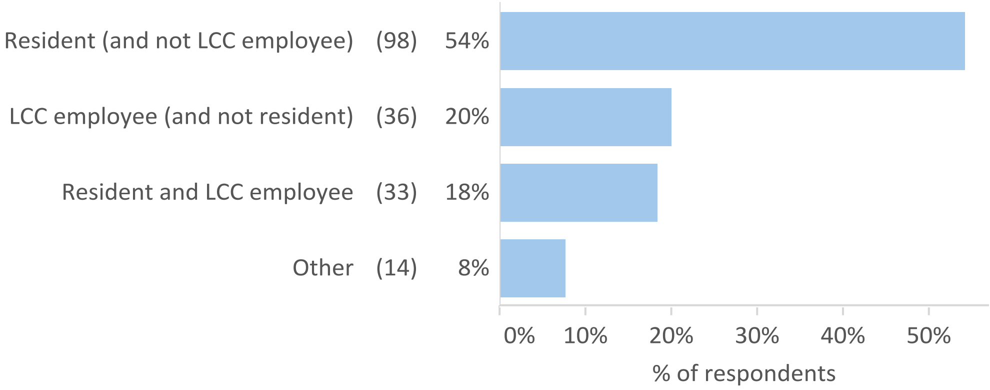
Throughout the analysis that follows, comparison has been made between the views from residents who are not LCC employees (98 respondents) and the views from those who work for the county council (69 respondents).

Chart 1 - Role (multiple response)



Base = 181

Chart 2 - Role (single response)

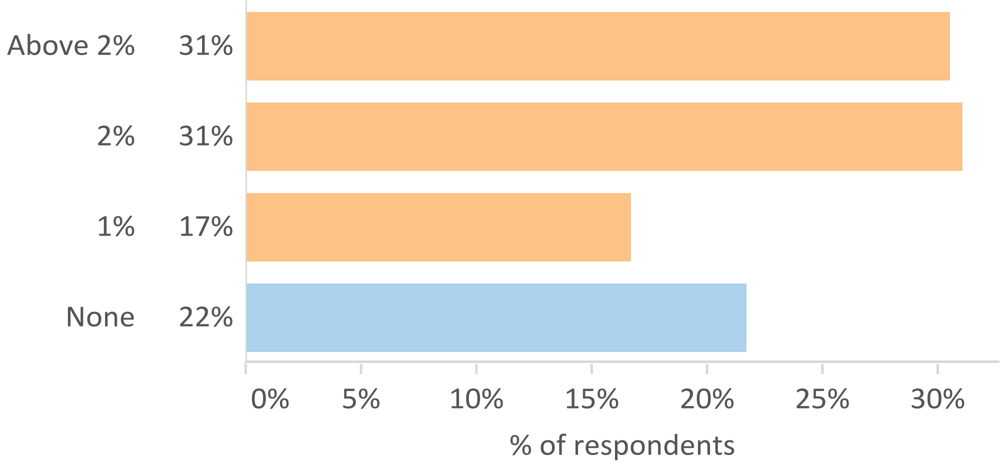


Base = 181

Question 2 - Council Tax increase

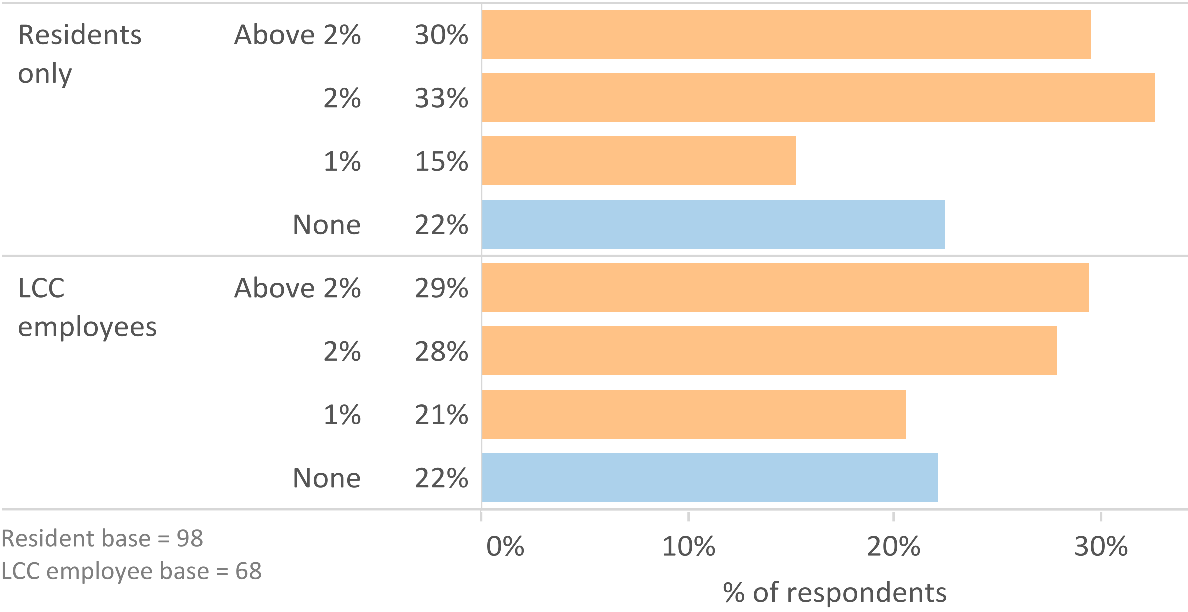
Respondents were asked what Council Tax increase they would be prepared to pay to fund county council services, excluding the 2% social care precept. Chart 3 shows that 31% of respondents were in favour of paying an increase of 2%, and 31% said they would pay above 2%. In contrast, one in five (22%) said they did not want an increase in Council Tax (excluding any social care precept). There was no statistically significant difference in responses by role (Chart 4).

Chart 3 - Council Tax increase



Base = 180

Chart 4 - Council Tax increase - by role

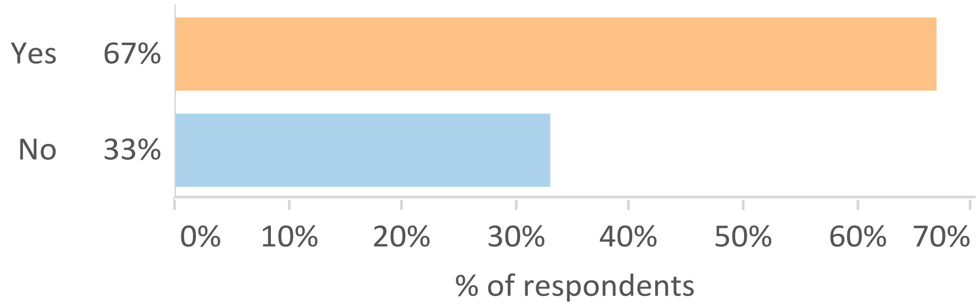


Resident base = 98
LCC employee base = 68

Question 3 - 2% social care precept

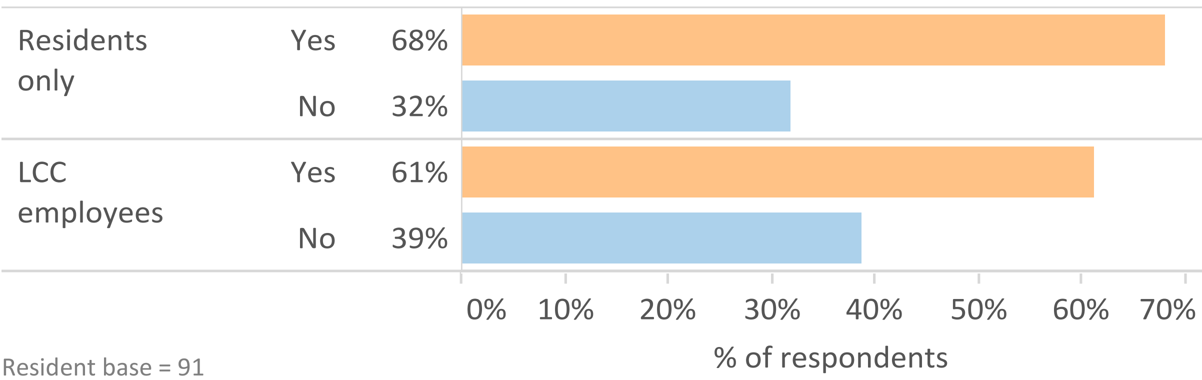
Respondents were asked whether they thought the county council should increase Council Tax by a further 2% (i.e. the Government's social care precept) to be used exclusively for the funding of adult social care in Leicestershire. Chart 5 shows over two-thirds of respondents (67%) felt the council should do this. There was no statistically significant difference in responses by role (Chart 6).

Chart 5 - 2% social care precept



Base = 167

Chart 6 - 2% social care precept - by role



Resident base = 91
LCC employee base = 62

Table 1 shows one in four respondents (26%) said they would favour a Council Tax increase (including any social care precept) of 4%, and 32% favoured an increase of above 4%. Notably, one in five (20%) wanted no increase.

Table 1 - Q2 by Q3

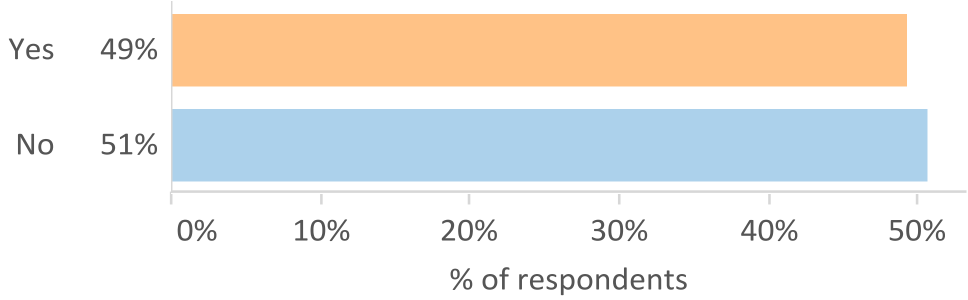
		2% social care precept	
		Yes	No
Council Tax increase (excluding social care precept)	Above 2%	32%	1%
	2%	26%	4%
	1%	8%	8%
	None	1%	20%

Base = 167

Question 3a - 3% social care precept

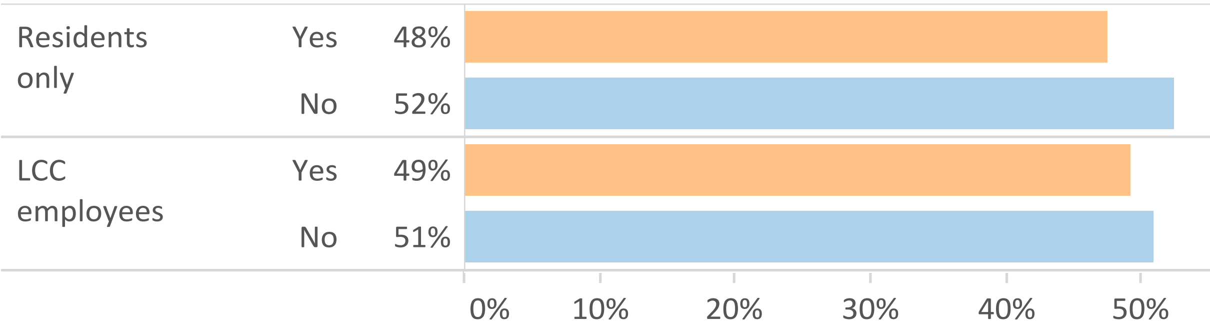
Following the amendment made to the consultation survey on 16th December 2016 (see Methodology section), respondents were asked whether they would support a 3% social care precept next year. Chart 7 shows a split response; 49% said they would, 51% said they would not. There was no statistically significant difference in responses by role (Chart 8).

Chart 7 - 3% social care precept



Base = 146

Chart 8 - 3% social care precept - by role



Resident base = 82
LCC employee base = 57

Table 2 shows 45% of respondents were in favour of a Council Tax increase (including any social care precept) of 5% or more. Notably, one in five (22%) wanted no increase.

Table 2 - Q2 by Q3a

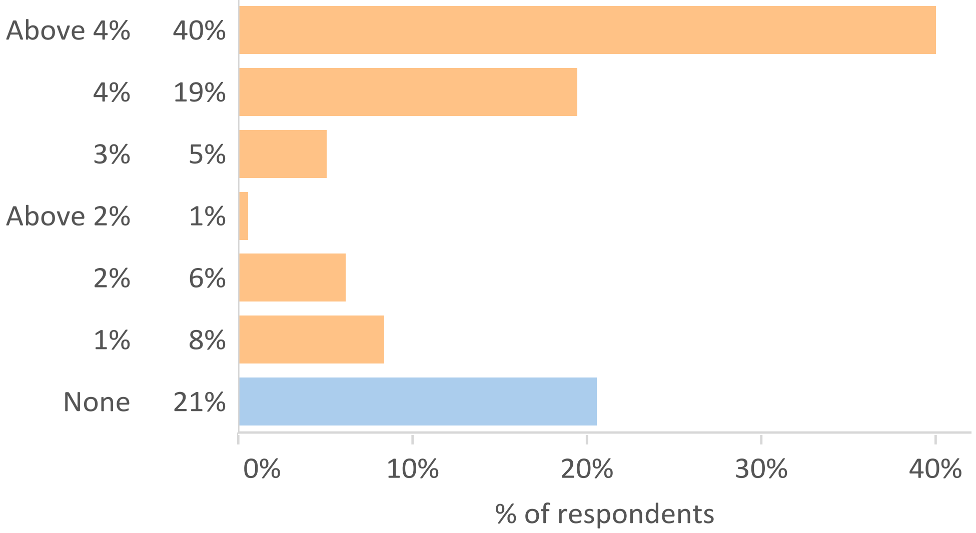
Council Tax increase (excluding social care precept)	3% social care precept: Yes	3% social care precept: No
Above 2%	33%	1%
2%	12%	14%
1%	4%	14%
None		22%

Base = 146

Total Council Tax increase

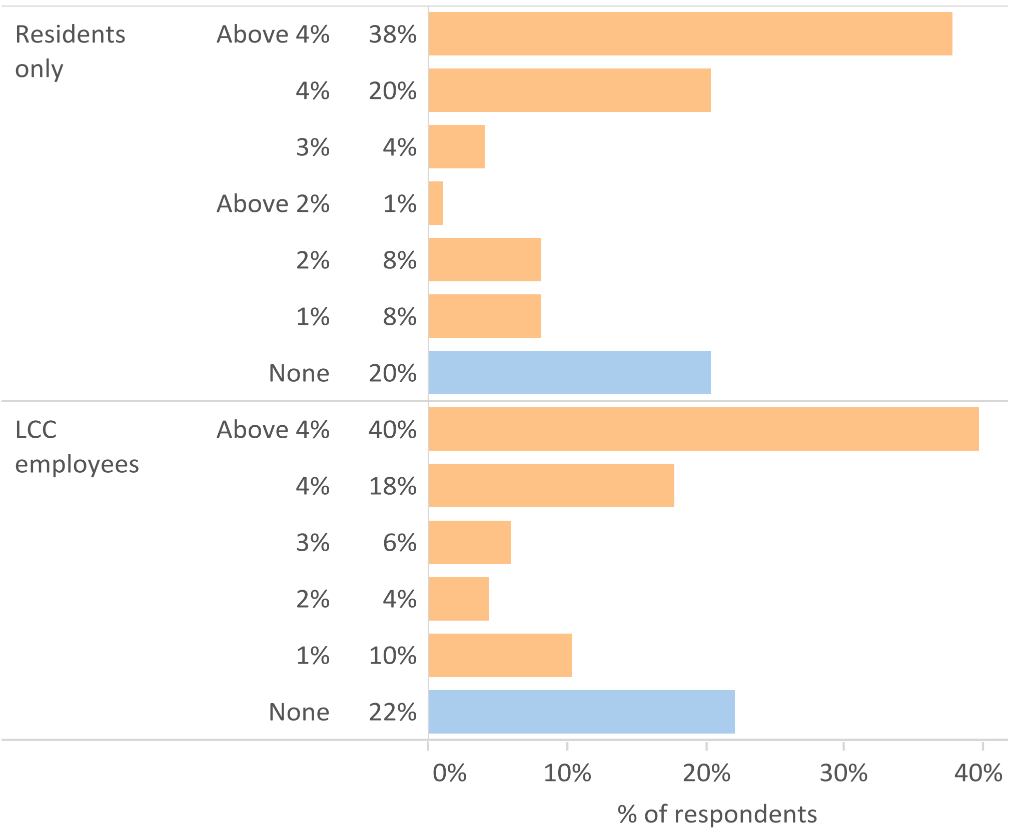
By combining the responses to the questions about Council Tax and social care precept, Chart 9 shows 19% were in favour of an increase in Council Tax (including any social care precept) of 4%, and 40% were in favour of an increase of above 4%. In contrast, one in five (21%) said they did not want any increase in Council Tax. There was no statistically significant difference in responses by role (Chart 10).

Chart 9 - Total Council Tax increase



Base = 180

Chart 10 - Total Council Tax increase - by role

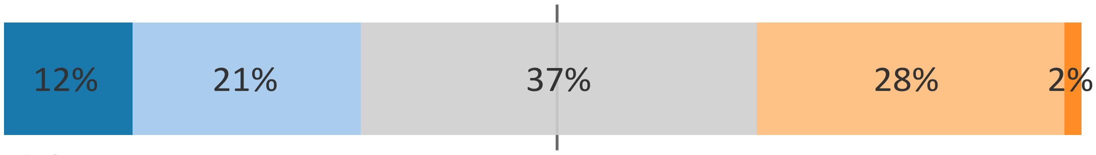


Resident base = 98
LCC employee base = 68

Question 4 - Growth and savings allocation

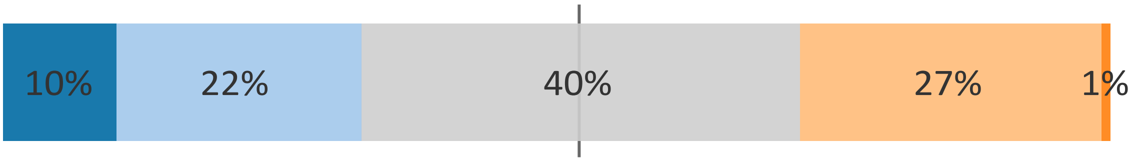
Respondents to the survey were asked whether they agreed or disagreed with how the growth and savings had been allocated across services. Chart 11 shows 33% disagreed, and 30% agreed. Notably, the highest proportion of respondents neither agreed nor disagreed (37%). There was no statistically significant difference in responses by role (Charts 12 and 13).

Chart 11 - Growth and savings allocation



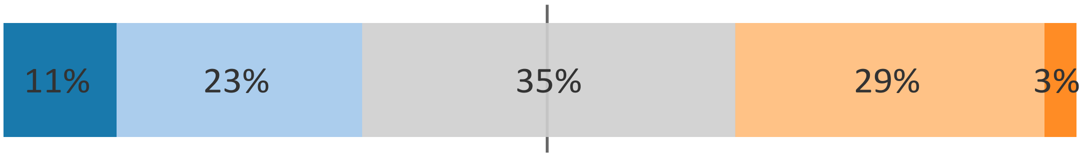
Base = 176

Chart 12 - Growth and savings allocation - residents only



Base = 96

Chart 13 - Growth and savings allocation - LCC employees



Base = 66

Open-ended questions

The consultation survey included five open-ended questions. These are listed below:

- Are there any specific service reductions you disagree with?
- Are there any additional service reductions or charges you think we should consider?
- Are there any areas where you think we could make further efficiency savings without impacting on services?
- Do you have any comments about the areas identified for growth?
- Do you have any other comments about our draft budget proposals?

For each question, all comments were read by analysts and a coding frame was devised. The comments were then re-read, and thematically coded using the coding frame.

Q5 - Concerns about specific service reductions

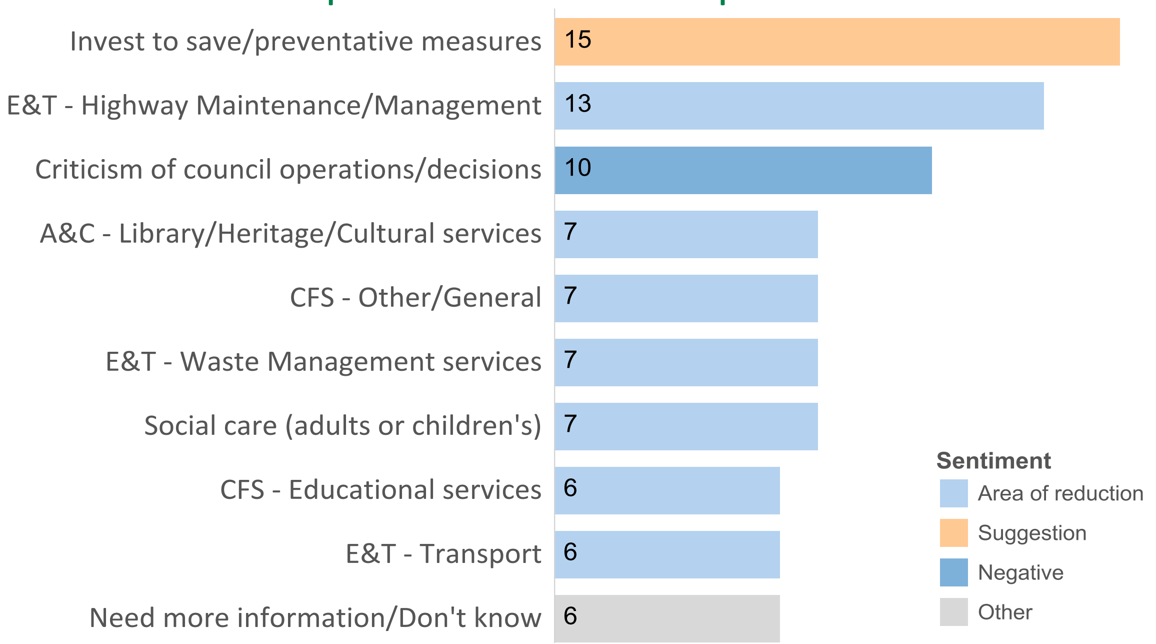
Respondents were asked whether there were any specific service reductions that they disagreed with. Chart 14 lists the top 10 codes (see Appendix 3 for full list of codes).

When identifying service reductions that they disagreed with, several respondents cited various environment and transport provisions. Some respondents (13) disagreed with any further reductions in highways maintenance, such as road repairs and street lighting. Others (seven) disagreed with reductions to waste management services, with some specifically citing the introduction of charges at recycling and household waste centres could lead to greater costs through fly-tipping. Several respondents said they disagreed with the reductions to Adults and Communities and Children and Family Services. Some respondents (seven) disagreed with reductions to social care for adults and children, six with educational provision and five with early help services.

Respondents also made a number of suggestions. Several respondents (15) believed the council should invest in measures and services that would provide savings in the long-term.

> *"Do not agree with the reduction of services such as road repairs, gritting of roads, flooding works & environmental"*
>
> *"The waste management arrangements are so restrictive that this increases fly tip-ping."*
>
> *"Cuts that reduce services to vulnerable children and adults"*
>
> *"This will in the long term lead to an increase in youth unemployment and anti-social behaviour which will cost a much greater amount to deal with"*

Chart 14 - Concerns about specific service reductions - Top 10



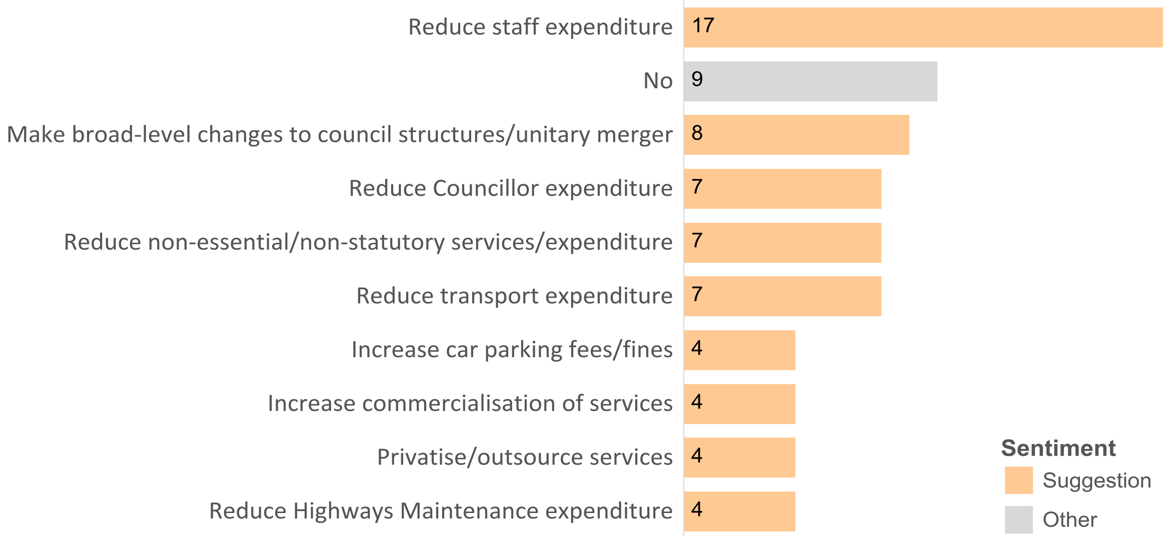
Q6 - Suggested additional service reductions or charges

Respondents were asked whether there were any additional service reductions or charges that could be considered by the council. Chart 15 lists the top 10 codes (see Appendix 3 for full list of codes).

Respondents made a wide range of suggestions as to how services could be reduced or charges introduced; 17 suggested reducing staff expenditure, such as reducing working hours or benefits; eight suggested making broad-level changes to structures within the council, such as forming a unitary authority or encouraging more joined-up working; seven suggested reducing expenditure on transport provision, such as concessionary travel for the elderly or for school children; seven suggested focusing on statutory services by reducing non-essential provisions; and seven suggested reducing councillor expenditure.

> *"All workers regardless of departments, should be able to work from home for up to 4 and a half days a week, to reduce office costs."*
>
> *"What about an enforced amount of unpaid leave? Leicester City are looking at 3 days leave unpaid over Christmas - which could also save money by closing buildings."*
>
> *"More joined up working with district councils to save money"*
>
> *"Concessionary travel should be means tested"*
>
> *"Given the challenges, I fully support reductions to all but essential, statutory services where necessary. Even though more peripheral services such as arts, museums and libraries perform valuable services and provide benefits to the local population, there are more important services which in some cases are a matter of life and death. These can't be side-lined or ignored"*

Chart 15 - Suggested additional service reductions or charges - Top 10



Base = 80

Q7 - Areas for further efficiency savings

Respondents were asked if they thought there were any other areas where the council could make further efficiency without impacting on services. Chart 16 lists the top 10 codes (see Appendix 3 for full list of codes).

The most frequently referenced topic related to staffing efficiencies. The majority of comments on this theme suggested cuts in staffing levels, either in specific departments/ roles or more general to the council as a whole. Other comments on this theme highlighted potential efficiencies in staffing, for example sharing roles and reviewing working patterns. Several comments also made specific suggestions around reducing staff salaries and councillor payments.

The suggestion for shared services, including a merger with the city and/or district councils (unitary authority) was the theme for the second most recurring theme, attracting 14 comments. Some of these comments referenced opportunities for merging specific services or department, for example highways, IT and other 'back office' functions.

Although a number of respondents expressed the view that there were no areas where they thought further efficiency savings could be made, a number of comments referenced other specific suggestions, including energy efficiencies and more effective use of office space. Other recurring themes amongst the responses included ideas for income generation and proposals to reduce or stop paying for and/or providing services that may be considered unnecessary.

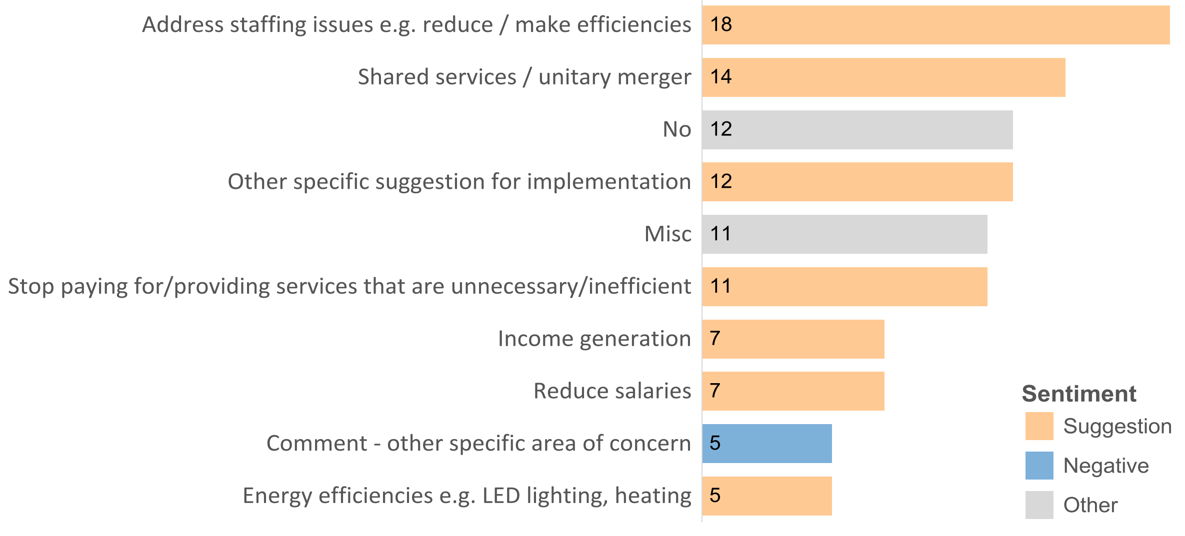
"Additional council staffing cuts"

"You can always reduce management and empower the staff more. Make staff more efficient and share more roles within the same dept. Multi-skill/task your staff Make better use of the working day / time and motion studies etc."

"Efficiency savings from unitary status, as a single county-wide authority"

"Consider a move to a county-wide unitary authority to remove duplication of ad-ministration with borough and parish councils."

Chart 16 - Areas for further efficiency savings - Top 10



Base = 100

Q8 - Areas identified for growth

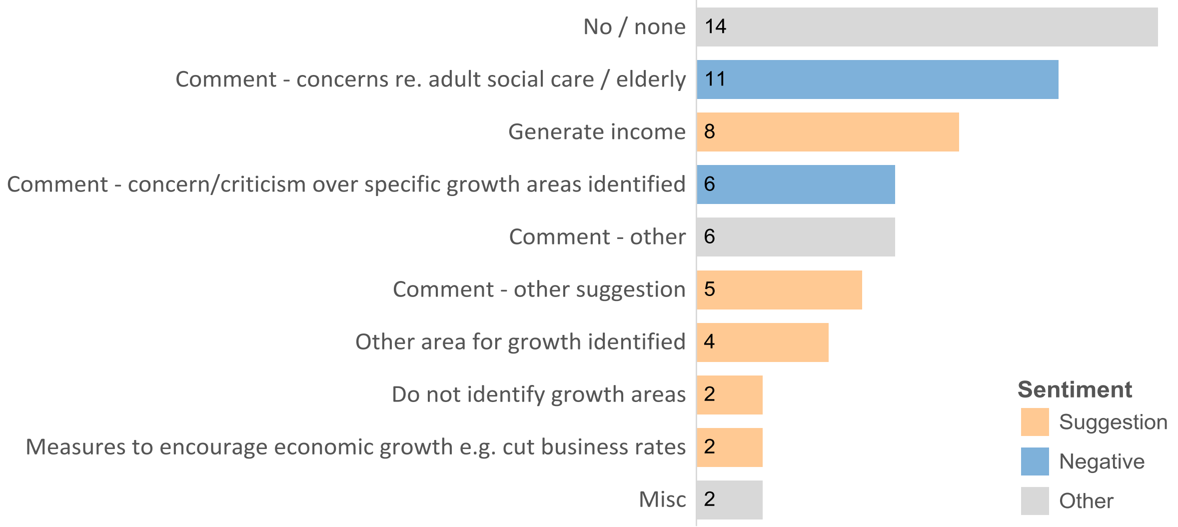
Respondents were asked if they had any comments about the areas identified for growth. The responses are shown in Chart 17 (see Appendix 3 for full list of codes).

Although the most recurring response was 'no' or 'none,' other comments highlighted some key themes. The most commonly referenced of these related to concerns about adult social care and/or services for the older population and were mainly focussed around the need to prioritise these services.

Suggestions for generating income also attracted several comments, including general remarks about the need to generate income and more specific suggestions for income generation.

> *"Of course adult social care is a major issue at the moment, however a relatively small 2% increase in Council Tax will not fix this - currently company's who tender for this type of work are offered too low an hourly rate and this leads to poor quality staff and exploitative working practices - there needs to be much more of a plan of how to deal with this not just another few pounds - a sticking plaster to cover a major trauma!"*
>
> *"More growth needs to be targeted towards elderly social care because of the ageing population"*
>
> *"Services for elderly vulnerable people should be protected as far as possible"*
>
> *"I don't see any initiatives for generating extra income apart from Council Tax increases. If LCC has expertise why isn't it selling it on?"*
>
> *"Selling more services to private sector and looking at how traded services could become more of a business."*

Chart 17 - Areas identified for growth



Base = 56

Q9 - Any other comments

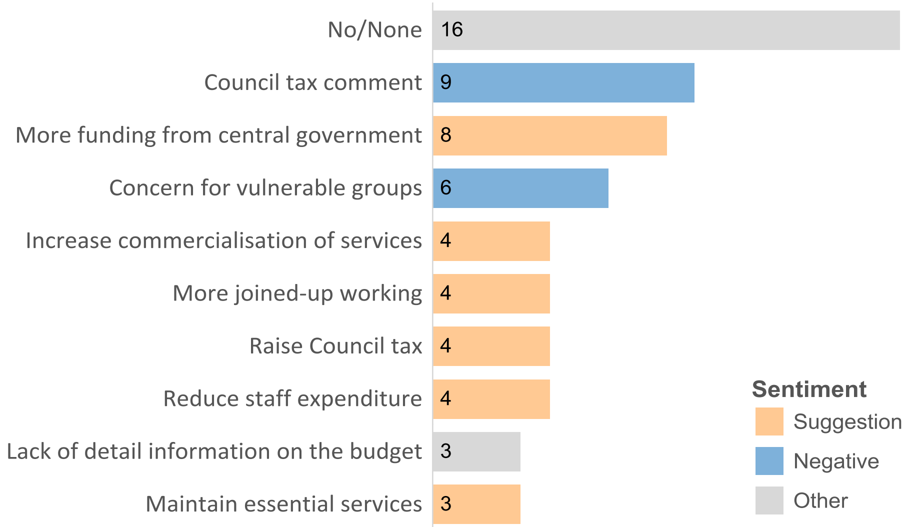
Finally, respondents were asked to leave any other comments they had about the council's draft budget proposals. The Chart 18 shows the top 10 codes (see Appendix 3 for full list of codes).

Respondents voiced two main concerns; nine felt disappointed that the reductions in service provisions was not reflected in a reduction of Council Tax, and six voiced their concerns about the potential implications and impact of service reductions on vulnerable groups, such as the elderly, children with special educational needs, and rural communities.

Respondents also made a number of suggestions; eight felt a greater effort could be made to secure more funding from central government, four felt the council could commercialise some of its services to generate income, four suggested increased use of joined-up working arrangements, four suggested that Council Tax should be increased, four felt staff expenditure could be reduced, and three suggested only essential, statutory services should be maintained.

> *"I feel that it is extremely unfair to raise Council Taxes"*
>
> *"Withholding care to the most vulnerable people in our communities is cruel and criminal."*
>
> *"Only to re-iterate that most people would like to see an improvement in services that have been cut back too far and are now drastically in adequate and failing dramatically. I and many others would happily pay for our services to be returned to a satisfactory standard so that there are improvements in the services."*
>
> *"There is a need to further lobby central government for a fairer funding allowance instead of the people of Leicestershire subsidizing less efficiently local authorities up and down the country."*
>
> *"Can LCC sell more of its services to the public, private sector companies and other LA's/Health to increase income into the authority?"*
>
> *"We need to work harder at joining up our decisions across the departments and service users."*

Chart 18 - Any other comments - Top 10



Base = 67

Other consultation responses

In addition to the survey, letters were received from the Leicester & Leicestershire Enterprise Partnership (LLEP) and Leicester Shire Business Council (LSBC) (on behalf of the following business organisations; Leicestershire Chamber of Commerce, The Federation of Small Businesses, Leicester Business Voice, The Institute of Directors, Confederation of British Industry's, and Leicestershire Asian Business Association) (see Appendix 4 for the responses in full).

The LSBC recognised the scale of the challenge and the external pressures facing the council, and commended its achievements so far. The LLEP also commended the efficiency savings already made, and stated their full support for the proposals for 2017-21, with specific mention of the projects aimed at promoting economic growth.

The LSBC also provided commentary on three areas; Highways and Transport, Environment, and Chief Executive's Department.

Highways and Transport

The LSBC outlined their concern at the proposed £3.55m saving in the area of highways maintenance and improvement schemes. By citing the importance of the Midlands Engine and economic growth with the county, the LSBC felt the ability to improve business connectivity relied upon mobility by road, and thereby queried whether the proposed reductions in highways maintenance would be counter-productive to these goals.

The Business Council also queried the implications of the proposed county-wide parking strategy upon businesses, with specific concern to any financial demands being placed upon local organisations. The LSBC felt the introduction of such charges could result in a deteriorating high street and a rise in unemployment.

Environment

The LSBC made two points with regards to the environment. First, they questioned why the county had only one site for trade waste (Whetstone), stating that it makes it a difficult and 'ungreen' process for some businesses to use, thereby increasing the likelihood of fly-tipping. Second, they felt the proposed additional charges at waste sites would place greater financial pressure on local businesses.

Chief Executive's Department

The LSBC questioned three proposed areas of savings within the Chief Executive's Department. First, they queried whether the proposed removal of rural support was consistent with the aim to make village life less dependent on public transport. Second, the proposed £175k savings from tourism service was queried by LSBC, who said the LLEP identified tourism as a key sector for economic development, citing King Richard III and the National Forest as two key features of the county. Third, the LSBC queried whether the proposed £55k saving from the LLEP would undermine business confidence in the county council, and their future agenda of economic development.

Appendix 1 - Questionnaire

Leicestershire County Council

Have your say on our draft budget plans 2017 - 2021

Background

We are the lowest funded county council and are facing substantial pressures. We have saved £161 million since austerity started but have to save even more due to reduced funding, rising costs and demand for care services.

Our proposals would save £68 million by 2020 and raise Council Tax by 4 per cent per year for the next three years. Only £44 million of those savings have been identified so far, leaving a £24 million shortfall.

We have published our 2017-2021 spending plans for consultation.

If you have any comments about the draft budget proposals, we would like to hear from you. Your views will be taken into consideration when the council finalises its spending plans. We would encourage you to read the summary document at www.leicestershire.gov.uk/budget before completing the survey.

The closing date for the consultation is midnight Tuesday 10 January.

Please note: Your responses to the main part of the survey (Q1 to Q9, including your comments) may be released to the general public in full under the Freedom of Information Act 2000. Any responses to the questions in the 'About you' section of the questionnaire will be held securely and will <u>not</u> be subject to release under Freedom of Information legislation, nor passed on to any third party.

Your role

Q1 In which role(s) are you responding to this consultation? Please tick all applicable

- ☐ I am a resident
- ☐ I represent/own a local business
- ☐ I represent a voluntary and community services (VCS) organisation
- ☐ I represent another stakeholder e.g. district/borough/parish council, health, police etc.
- ☐ I am an employee of Leicestershire County Council
- ☐ Other

Please specify 'other' below

[ ]

Our proposals

Council Tax was frozen by the county council in the four years to 2014/15, followed by a 2% increase in 2015/16. Last year (2016/17) there was an increase of 4% (2% of which related to the introduction by the Government of an 'adult social care precept'). The county council is planning to increase Council Tax by 4% next year (2017/18). A decision will be taken each year for any future increases.

The proposed 4% increase would include the 2% 'social care precept' which the Government introduced in 2016/17 to allow local authorities to raise additional Council Tax to be used exclusively for the funding of services for vulnerable adults. It is proposed that the other 2% is used to help cover the costs of increasing demand and reduce the need to make service reductions in other areas.

The Council Tax bill for county council services in 2016/17 is currently £1,127 per year for a band D property*. An increase of 4% would mean an average increase in Council Tax of £45 per year on that bill (or £3.75 per month).

Every additional 1% increase in Council Tax generates an additional £2.5m of income each year and reduces our total savings requirement. Every additional 1% costs each household in a band D property on average an additional £11.25 per year (or £0.94 per month) on their Council Tax bill.

Under current Government rules a local referendum would need to be held for any increase above 2% (or 4% including the 2% 'social care precept'). It is estimated that it would cost £1m to hold a referendum..

*The Valuation Office decides which council tax band a property is in. It is based on what the property's market value was on 1 April 1991. For a band D property this was between £68,001 to £88,000.

The county council is proposing an additional 2% on top of the 2% 'social care precept' to help cover the costs of increasing demand and reduce the need to make service reductions.

Q2 What Council Tax increase would you be prepared to pay to fund county council services (<u>excluding</u> the 2% 'social care precept')?

The figures in brackets show what this increase would be next year for a household in a band D property.

- ☐ None
- ☐ 1% (an additional £11.25)
- ☐ 2% (an additional £22.50).
- ☐ Above 2%

Q3 Do you think the county council should increase Council Tax by a further 2% (the government's 'social care precept') to be used exclusively for the funding of adult social care in Leicestershire? This would cost an additional £22.50 (£1.88 per month) for a band D property.

- [ ] Yes
- [ ] No
- [ ] Don't know

Q3a Consultation amendment (16 December)

The governemnt announced on the 15 December the option for councils to bring forward some of the future year's social care precept increase. This will allow a 3% increase in council tax for the 'social care precept' for 2 years instead of a 2% increase for three years, as previously proposed.

Would you support a 3% 'social care precept' next year? This would cost an additional £33.75 (£2.81 per month) for a band D property.

- [ ] Yes
- [ ] No
- [ ] Don't know

Q4 Overall, to what extent do you agree or disagree with how the growth and savings have been allocated across our services?

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

Q5 Are there any specific service reductions you disagree with?

Q6 Are there any additional service reductions or charges you think we should consider?

Q7 Are there any areas where you think we could make further efficiency savings without impacting on services?

Q8 Do you have any comments about the areas identified for growth?

Q9 Do you have any other comments about our draft budget proposals?

About you

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

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

This information will not be disclosed in the event of a Freedom of Information request.

Q10 What is your gender identity?

☐ Male ☐ Female ☐ Other (e.g. pangender, non-binary etc.)

Q11 Is your gender identity the same as the gender you were assigned at birth?

☐ Yes ☐ No

Q12 What was your age on your last birthday?

☐

Q13 What is your postcode? This will help us understand views in different areas

☐

Q14 Are you a parent/carer of a child or young person aged 17 or under?

☐ Yes ☐ No

Q15 Are you a carer of a person aged 18 or over?

☐ Yes ☐ No

A carer is someone of any age who provides unpaid support to family or friends who could not manage without this help

Q16 Do you have any long-standing illness, disability or infirmity?

☐ Yes ☐ No

Q17 What is your ethnic group?

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

Q18 What is your religion or belief?

- [ ] No religion
- [ ] Christian (all denominations)
- [ ] Buddhist
- [ ] Hindu
- [ ] Jewish
- [ ] Muslim
- [ ] Sikh
- [ ] Any other religion or belief

Q19 Sexual Orientation. Many people face discrimination because of their sexual orientation and for this reason we have decided to ask this monitoring question. You do not have to answer it but we would be grateful if you could tick the box next to the category which describes your sexual orientation:

- [ ] Bisexual
- [ ] Heterosexual / Straight
- [ ] Other
- [ ] Gay
- [ ] Lesbian

Thank you for your time. Your views will be considered before the budget is finalised in February. Please return by midnight on Monday 10th January 2017 to: Budget Consultation, Room 300B, Leicestershire County Council, Have Your Say, FREEPOST NAT 18685, Leicester, LE3 8XR. No stamp is required

Data Protection: Personal data supplied on this form will be held on computer and will be used in accordance with the Data Protection Act 1998. The information you provide will be used for statistical analysis, management, planning and the provision of services by the county council and its partners. Leicestershire County Council will not share any information collected from the 'About you' section of this survey with its partners. The information will be held in accordance with the council's records management and retention policy. Information which is not in the 'About you' section of the questionnaire may be subject to disclosure under the Freedom of Information Act 2000.

Appendix 2 - Respondent profile

		Survey Responses		2011 Census (16+)
Age	181	% Ex NR*	% Inc NR*	%
Under 15	1	0.7	0.6	
15-24	2	1.4	1.1	14.3%
25-34	13	8.8	7.2	13.2%
35-44	29	19.7	16.0	17.2%
45-54	40	27.2	22.1	17.8%
55-64	28	19.0	15.5	15.9%
65-74	30	20.4	16.6	11.6%
75-84	3	2.0	1.7	7.2%
85 and over	1	0.7	0.6	2.9%
No reply	34	18.8		

		Survey Responses		2011 Census (16+)
Gender identity*	181	% Ex NR*	% Inc NR*	%
Male	85	52.1	47.0	49.0%
Female	78	47.9	43.1	51.0%
Other (e.g. pangender, nonbinary etc.)	0	0.0	0.0	
No reply	18	9.9		

**2011 Census asks for respondent gender*

		Survey Responses		2011 Census (16+)
Do you have a long-standing illness or disability?*	181	% Ex NR*	% Inc NR*	%
Yes	38	25.0	21.0	19.1%
No	114	75.0	63.0	80.9%
No reply	29	16.0		

**2011 Census asks if respondents day-to-day activities are limited a lot*

		Survey Responses		2011 Census (16+)
Ethnicity	181	% Ex NR*	% Inc NR*	%
White	142	95.9	78.5	92.2%
Mixed	0	0.0	0.0	0.8%
Asian or Asian British	4	2.7	2.2	6.0%
Black or Black British	0	0.0	0.0	0.6%
Other ethnic group	2	1.4	1.1	0.4%
No reply	33	18.2		

		Survey Responses		2011 Census (16+)
Sexual orientation	181	% Ex NR*	% Inc NR*	%
Bisexual	2	1.4	1.1	
Gay	5	3.6	2.8	
Heterosexual/straight	131	93.6	72.4	(Not applicable)
Lesbian	0	0.0	0.0	
Other	2	1.4	1.1	
No reply	41	22.7		

*NR = No reply

What is your religion?	181	Survey Responses % Ex NR*	% Inc NR*	2011 Census (16+) %
No religion	66	44.9	36.5	25.3%
Christian (All denominations)	75	51.0	41.4	62.6%
Buddhist	0	0.0	0.0	0.3%
Hindu	1	0.7	0.6	2.8%
Jewish	0	0.0	0.0	0.1%
Muslim	1	0.7	0.6	1.2%
Sikh	1	0.7	0.6	1.2%
Any other religion or belief	3	2.0	1.7	0.4%
No reply	34	18.8		6.3%

Are you a parent or carer of a young person aged 17 or under?	181	Survey Responses % Ex NR*	% Inc NR*	2011 Census (16+) %
Yes	38	24.7	21.0	(Census data includes all people cared for regardless of age)
No	116	75.3	64.1	
No reply	27	14.9		

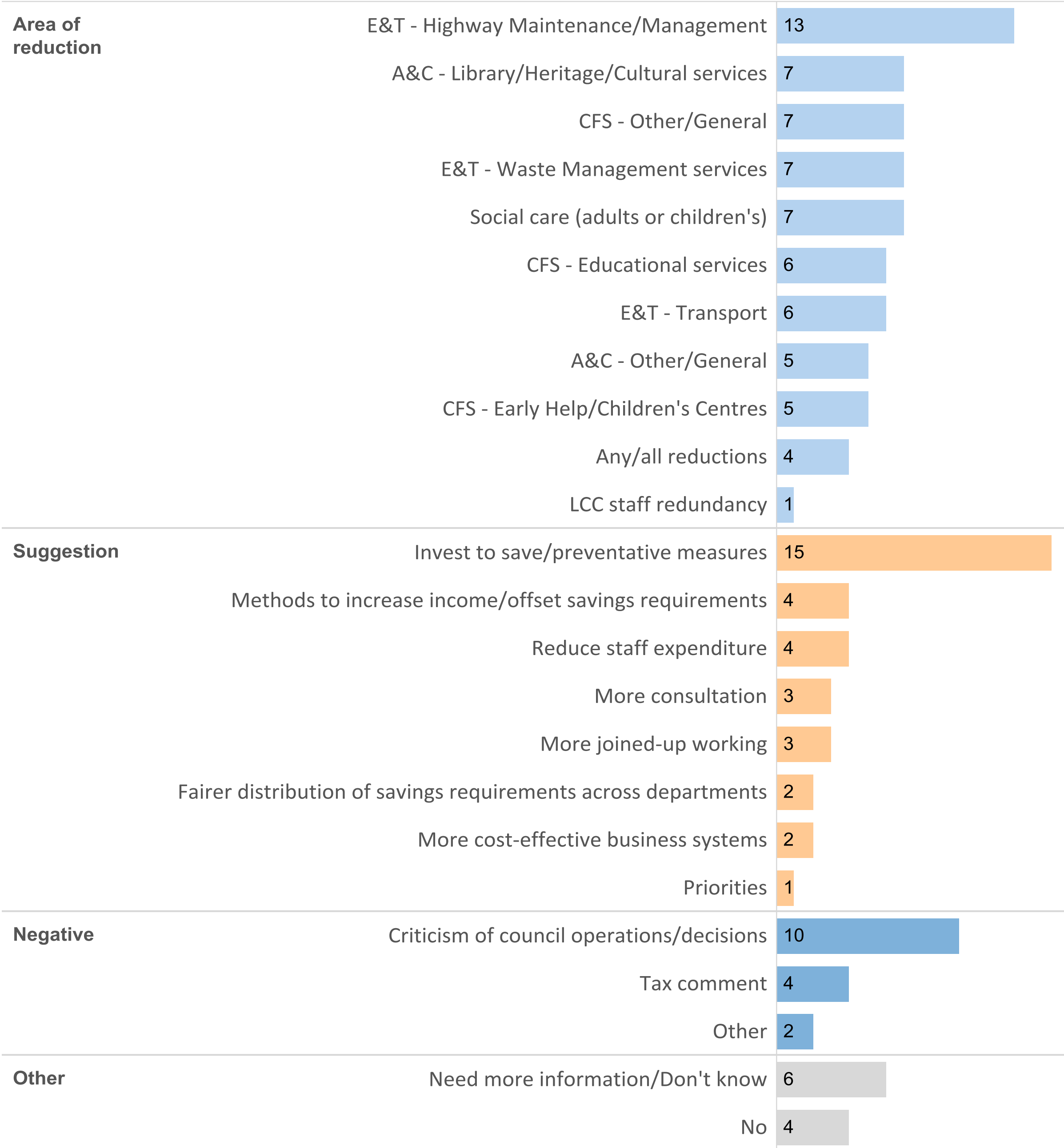
Are you a carer of a person aged 18 or over?	181	Survey Responses % Ex NR*	% Inc NR*	2011 Census (16+) %
Yes	23	14.6	12.7	(Census data includes all people cared for regardless of age)
No	135	85.4	74.6	
No reply	23	12.7		

District	181	Survey Responses % Ex NR*	% Inc NR*	2011 Census (16+) %
Blaby	10	11.1	5.5	14.3%
Charnwood	31	34.4	17.1	25.9%
Harborough	11	12.2	6.1	12.9%
Hinckley & Bosworth	15	16.7	8.3	16.2%
Melton	4	4.4	2.2	7.7%
North West Leicestershire	12	13.3	6.6	14.2%
Oadby & Wigston	2	2.2	1.1	8.7%
Missing/Invalid Postcode	91	50.3		
Leicester	5	5.6	2.8	
Other	0	0.0		

*NR = No reply

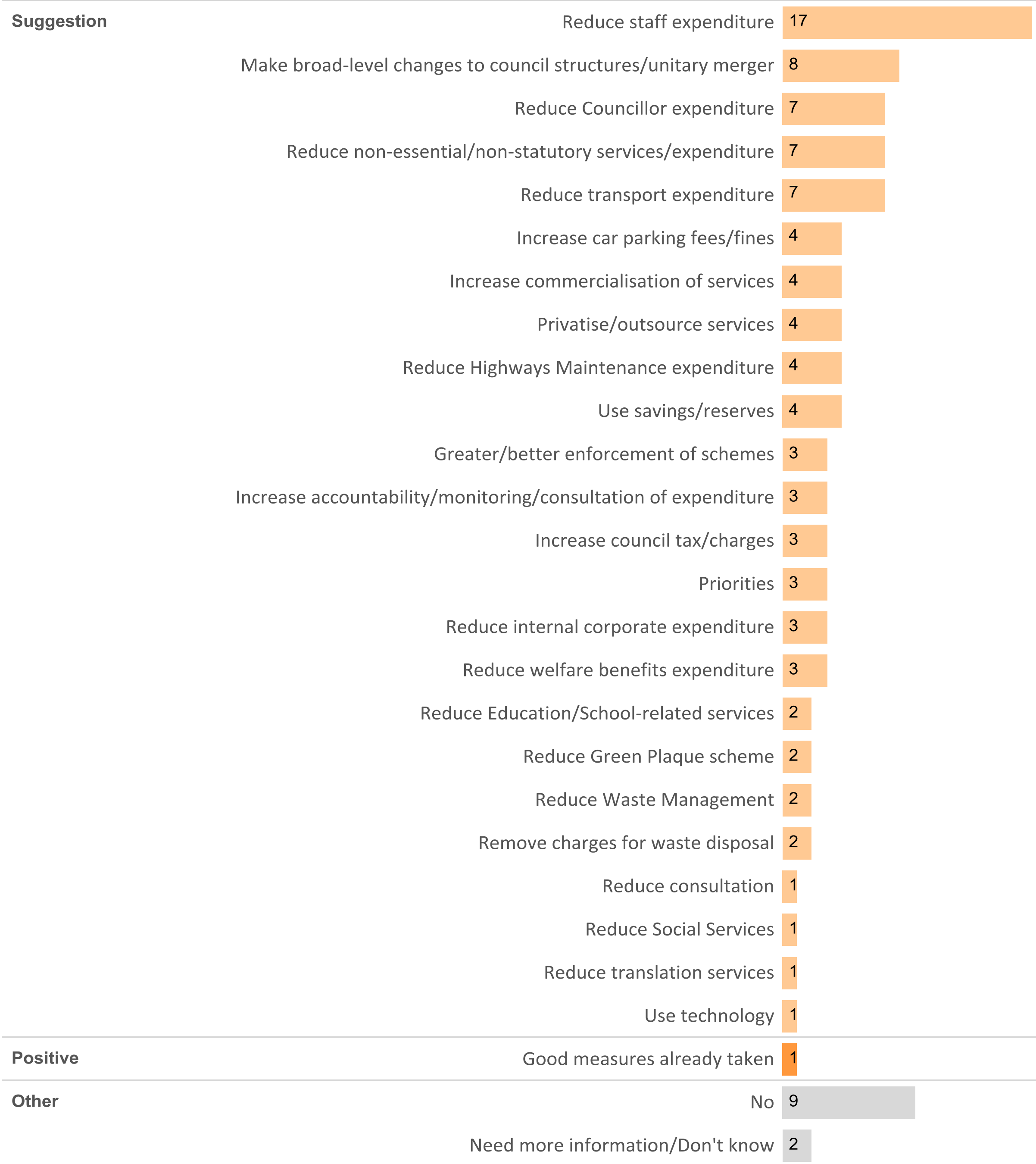
Appendix 3 - All open comment codes

Q5 - Are there any specific service reductions you disagree with?



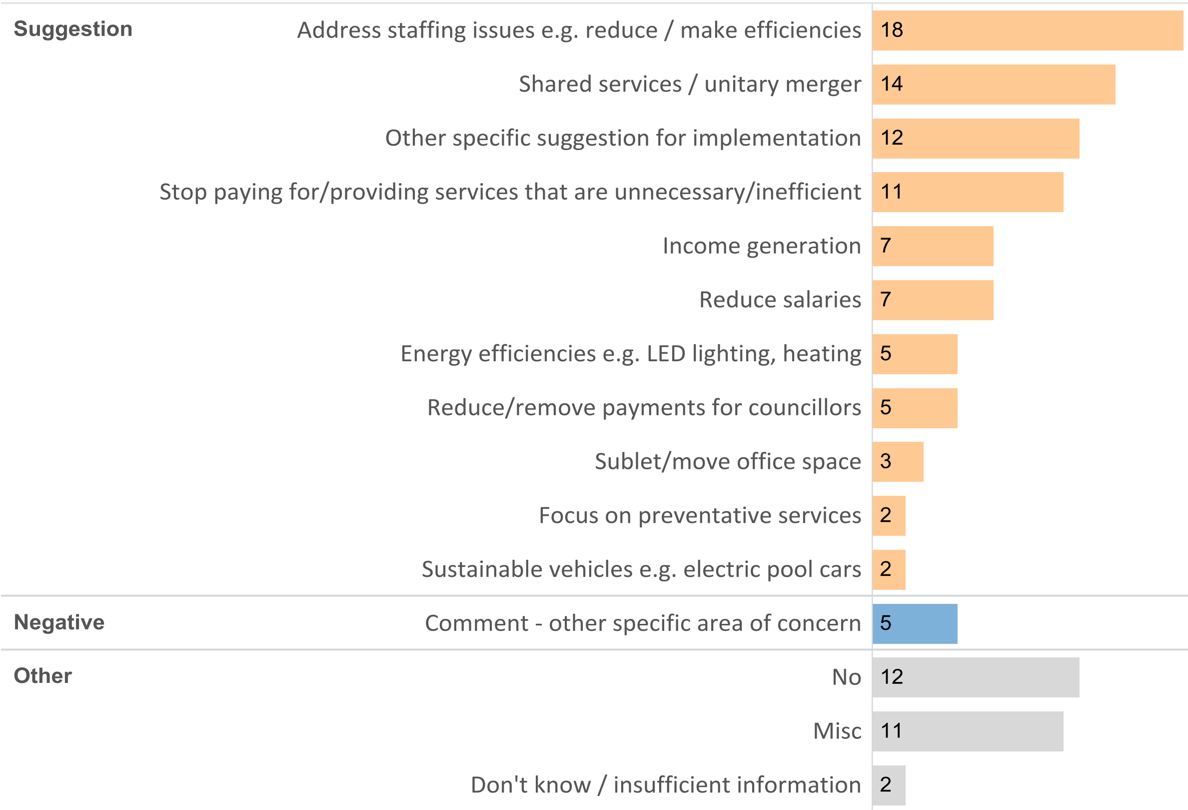
Base = 78

Q6 - Are there any additional service reductions or charges you think we should consider?



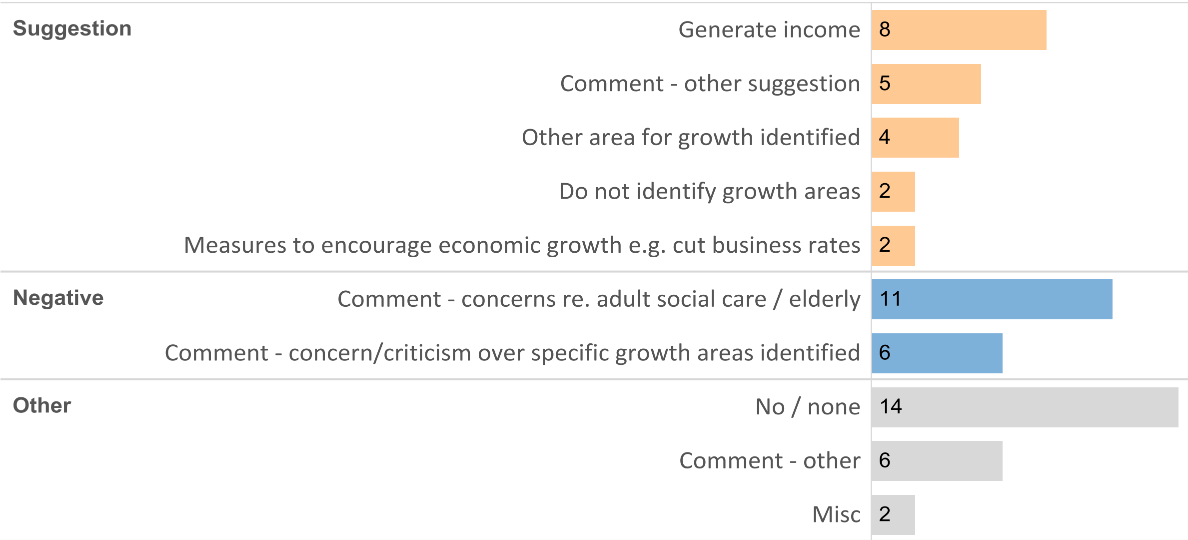
Base = 80

Q7 - Are there any areas where you think we could make further efficiency savings without impacting on services?



Base = 100

Q8 - Do you have any comments about the areas identified for growth?



Base = 56

Q9 - Do you have any other comments about our draft budget proposals?

Suggestion	More funding from central government	8
	Increase commercialisation of services	4
	More joined-up working	4
	Raise Council tax	4
	Reduce staff expenditure	4
	Maintain essential services	3
	Recognise need for efficiency savings	2
	Allocate fairer budgets across departments/services	1
	Better pay for foster carers	1
	Council needs to be efficient, innovative and be aware of the changing time	1
	Growth will provide savings solutions	1
	Keep staff and communities informed	1
	Make robust cuts	1
	Putting residents off for having a Referendum	1
	Reduce building costs	1
	Tackle long-term consequences	1
	Transferable services to bring their own budgets	1
Positive	Fairer funding	2
	Concern about the council	1
	Difficult to solve at local level	1
	Effective management is a good start	1
	Support and pay for services to be returned to a satisfactory standard	1
Negative	Council tax comment	9
	Concern for vulnerable groups	6
	Concerned about the impact of cuts	2
	Concerns for E&T services	2
	Money being wasted	2
	Central government to stop cuts to council grants	1
	Criticism about the council/leadership	1
Other	No/None	16
	Lack of detail information on the budget	3
	Other	2

Appendix 4 - Stakeholder responses

creating prosperity for all

Leicester & Leicestershire Enterprise Partnership

Leicester & Leicestershire
Enterprise Partnership
City Hall
115 Charles Street
Leicester LE1 1FZ

tel 0116 454 2917
email admin@llep.org.uk
web www.llep.org.uk
twitter @llepnews

Nick Rushton
Leader
Leicestershire County Council
County Hall
Glenfield
Leicestershire
Le3 8RA

13th January 2017

Dear Nick,

RE: Leicestershire County Council MTFS 2017-21

Thank you for inviting the LLEP to respond to the County Council's Medium Term Financial Strategy 2017-21. The County Council is a key partner on the LLEP and we fully support the proposals in the draft strategy.

The LLEP recognise that the authority is the lowest funded county council in the country and facing substantial financial pressures. We also commend the significant efficiency savings that the council has made over the current strategy period and support those planned in 2017-21.

We support your proposals to save £68 million by 2020 and raise Council Tax by 4 per cent per year for the next three years. The LLEP will endeavor to support council projects that promote economic growth and generate a financial return for the authority to help deliver your strategy.

Yours sincerely,

Nick Pulley,
Chair

LEICESTER SHIRE BUSINESS COUNCIL

The collective voice of businesses in the City and County

Tom Purnell
Assistant Chief Executive

Leicestershire County Council
County Hall, Glenfield
Leicester LE3 8RA

6 January 2017

Dear Tom

Leicestershire County Council Medium-Term Financial Strategy 2017- 2021

Thank you for the opportunity to comment on this document. This response has been considered and agreed by the local representatives of the following business organisations

- Leicestershire Chamber of Commerce
- The Federation of Small Businesses
- Leicester Business Voice
- The Institute of Directors
- CBI
- LABA

1. **Introduction**
   We acknowledge the great challenge the County has been set in dealing with the current financial constraints, and commend it for its achievements so far.

   We only address ourselves to those issues that may have significant impact on businesses operating within the County. We recognise that the amount of information available at this stage is necessarily limited, and therefore the implications behind the line items may be hazy. However, it strikes us that several points should be made at this formative stage.

2. **Highways & Transport**

   a. *Highways maintenance*
      We note with concern that the County proposes its second highest single line-item saving (of £3.55million) under the heading of highways maintenance and improvement schemes.

The Business Council expresses the collective voice of six membership-based business organisations on behalf of their members in the City and County of Leicestershire; CBI, FSB, IoD, LABA, Leicester Business Voice & Leicestershire Chamber of Commerce
Administrative address; Jennifer Thomas, Jennifer.thomas@fsb.org.uk, 07825 531 044

LEICESTER SHIRE BUSINESS COUNCIL

The collective voice of businesses in the City and County

Most businesses in this area will tell you that the current situation is far from satisfactory in terms of both the state of road surfaces and of main road congestion.

We regard business mobility by road to be a major strategic issue on two counts

- The concept of the "Midlands Engine", foundation of long-term growth and wealth creation in this region, rests on the principle of improving connectivity between our big cities.
- Logistics is a very successful key sector in this County's economy. It is spotlighted in the LLEP economic development strategy. It continues to grow, with a number of flag-ship facilities recently opened and announced. The Roxhill development is coming steadily towards realisation. Business connectivity by road is a central plank of our success with this sector.

Given this context, we need a lot of persuading that the proposed large reductions in road maintenance and improvement scheme expenditure are not counter-productive, and not contrary to the Council's policies for strategic economic development as agreed within the LLEP.

b. Parking strategy

We note a target saving/increase in revenue of £650k from a "county-wide parking strategy". There is not enough detail given to understand the line of thinking. However, we would seek clarification of the terms "residents' parking" and "on-street parking", and the extent to which these might apply to businesses.

For instance, we would be very concerned if "resident's parking" extended to work-place parking charges.

Likewise, we would be very concerned if on-street parking for retail and commercial areas were to be identified as a possible "cash cow".

We draw your attention to the cumulative cost pressures being imposed on business nationally in the form of

- The living wage
- Business Rates re-calculation
- Workplace pensions
- Sterling depreciation
- Apprentice levies

In this environment, the capacity of most businesses to absorb local cost impositions is very limited to non-existent. We would warn that any such imposts are likely to accelerate the decline of the high street and reverse the area's recent success in lowering unemployment.

The Business Council expresses the collective voice of six membership-based business organisations on behalf of their members in the City and County of Leicestershire; CBI, FSB, IoD, LABA, Leicester Business Voice & Leicestershire Chamber of Commerce

Administrative address; Jennifer Thomas, Jennifer.thomas@fsb.org.uk, 07825 531 044

LEICESTER SHIRE BUSINESS COUNCIL

The collective voice of businesses in the City and County

3. **Environment**

We note your plans to review RHWS provision. In the course of such a review, we ask that consideration be given to two aspects of the issue of "trade waste".

a. Accessibillity

Only the Whetstone site is currently designated to accept trade waste in the County. Having only one such site is extremely inconvenient, and therefore expensive, to law-abiding businesses with waste to be processed. It is also, ironically, very "ungreen" to force commercial vehicles to travel so far to tip waste. This inconvenience and cost is a further incentive to the fly-tipper.

b. Charges

We note the aim to increase revenue from waste charges by £150k. We draw your attention to the points made above about the absence of capacity for business to absorb further costs on top of those listed.

4. **Chief Executive**

We note the proposed £300k saving under the heading of economic development activity, and understand that it is largely comprised of

- £70k from the Leicestershire Rural Framework
- £175k from tourism services and
- £55k from the LLEP

We question whether removing support for such projects as Village Shop Grants and Rural Affordable Housing enablement is consistent with objectives to make village life less dependent on public transport, and more sustainable by enabling younger workers to remain in villages.

We are surprised and concerned that the County proposes to withdraw £175k from supporting the development of the local tourist industry. With its partners in the LLEP, it identified tourism as one of the area's key sectors for economic development. It has benefited from the King Richard effect, and stands to benefit as the National Forest begins to mature after a long gestation.

When taken in conjunction with the withdrawal of £55k from the LLEP and major reductions in expenditure on roads, we are concerned that such proposals stand to undermine business confidence in the commitment of the County Council to the LLEP and the wider agenda of economic development in the context of Combined Authorities, The Midland Engine etc etc.

Yours sincerely,

Tim Watt
Chairman

The Business Council expresses the collective voice of six membership-based business organisations on behalf of their members in the City and County of Leicestershire; CBI, FSB, IoD, LABA, Leicester Business Voice & Leicestershire Chamber of Commerce

Administrative address; Jennifer Thomas, Jennifer.thomas@fsb.org.uk, 07825 531 044

About the Strategic Business Intelligence Team

The team provides research and insight support to the council, working with both internal departments and partner organisations.

The team provides assistance with:

- Asset Mapping
- Benchmarking
- Business case development
- Community profiling
- Consultation
- Cost benefit analysis
- Journey mapping
- Data management
- Data cleaning/matching
- Data visualisation/ Tableau
- Engagement
- Ethnography
- Factor/cluster analysis
- Focus groups/workshops
- Forecasts/modelling
- Literature reviews
- GIS Mapping/ Mapinfo
- Needs analysis
- Profiling
- Questionnaire design
- Randomised control trials
- Segmentation
- Social Return on Investment/evaluations
- Statistical analysis/SPSS
- Surveys (all formats)/ SNAP
- Voting handsets
- Web analytics
- Web usability testing

Contact

Jo Miller
Strategic Business Intelligence Team Leader

Strategic Business Intelligence
Strategy and Business Intelligence
Leicestershire County Council
County Hall, Glenfield
Leicester LE3 8RA

Tel: 0116 305 7341
Email: jo.miller@leics.gov.uk
Web: www.lsr-online.org

If you require information contained in this leaflet in another version e.g. large print, Braille, tape or alternative language please telephone: 0116 305 6803, Fax: 0116 305 7271 or Minicom: 0116 305 6160.

જો આપ આ માહિતી આપની ભાષામાં સમજવામાં થોડી મદદ ઈચ્છતાં હો તો 0116 305 6803 નંબર પર ફોન કરશો અને અમે આપને મદદ કરવા વ્યવસ્થા કરીશું.

ਜੇਕਰ ਤੁਹਾਨੂੰ ਇਸ ਜਾਣਕਾਰੀ ਨੂੰ ਸਮਝਣ ਵਿਚ ਕੁਝ ਮਦਦ ਚਾਹੀਦੀ ਹੈ ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ 0116 305 6803 ਨੰਬਰ ਤੇ ਫ਼ੋਨ ਕਰੋ ਅਤੇ ਅਸੀਂ ਤੁਹਾਡੀ ਮਦਦ ਲਈ ਕਿਸੇ ਦਾ ਪ੍ਰਬੰਧ ਕਰ ਦਵਾਂਗੇ।

এই তথ্য নিজের ভাষায় বুঝার জন্য আপনার যদি কোন সাহায্যের প্রয়োজন হয়, তবে 0116 305 6803 এই নম্বরে ফোন করলে আমরা উপযুক্ত ব্যক্তির ব্যবস্থা করবো।

اگر آپ کو یہ معلومات سمجھنے میں کچھ مدد درکار ہے تو براہ مہربانی اس نمبر پر کال کریں 0116 305 6803 اور ہم آپ کی مدد کے لئے کسی کا انتظام کر دیں گے۔

假如閣下需要幫助，用你的語言去明白這些資訊，請致電 0116 305 6803，我們會安排有關人員為你提供幫助。

Jeżeli potrzebujesz pomocy w zrozumieniu tej informacji w Twoim języku, zadzwoń pod numer 0116 305 6803, a my Ci dopomożemy.

Strategic Business Intelligence
Strategy and Business Intelligence
Leicestershire County Council
County Hall, Glenfield
Leicester LE3 8RA

ri@leics.gov.uk
www.lsr-online.org

Leicestershire County Council

SCRUTINY COMMISSION – 25 JANUARY 2-17

MEDIUM TERM FINANCIAL STRATEGY 2017/18 TO 2020/21

MINUTE EXTRACT

61. Medium Term Financial Strategy 2017/18 to 2020/21 - Context Setting and Overall Position.

The Committee considered an oral report of the Director of Corporate Resources concerning the context and overall position with respect to the Council's Medium Term Financial Strategy (MTFS) 2017/18 to 2020/21.

The Director reported the following matters:

- This year's MTFS represented the Council's seventh "austerity" budget. The "Fairer Funding" campaign remained crucial to the Council's financial outlook as Government grant was expected to disappear completely by 2020;

- Of the Council's planned £68 million savings programme, £44 million had been identified, leaving a funding gap of £24 million. Around 15 areas of the Council's business had been identified as a means of attempting to address this gap, though it was known that even if all were to be pursued to a successful conclusion they would not fully bridge the gap;

- Since the circulation of the MTFS report to the Cabinet's meeting in December there had been some changes to the MTFS, which were mostly positive. These included a new Adult Social Care Fund of £2.4 million, an extra £1.3 million which could be harnessed through Council Tax and business rates, one-off funding of £200,000 for education services and a new £2.8 million highways grant. There were other funding opportunities available in Highways and Transportation;

- It was hoped that significant savings could be harnessed via a change in the way Council Tax was organised across the districts;

- Pooling of business rates would enable the Council to make up to £4 million this year and up to £6 million next year.

The Chairman welcomed to the meeting the Leader of the Council, Mr. N. J. Rushton CC to the meeting. The Leader reported the following matters:

- The Cabinet Lead Member for Finance, Mr. J. B. Rhodes CC had been unable to attend today's meeting as he was attending a County Council's Network meeting on the Council's "Fairer Funding" campaign. It was hoped that the

Council's funding model would be adopted across the country and whilst it had received general support there were some councils who would be worse off as a result. The Council maintained a strong relationship with local MPs and it was felt that all were in agreement with the funding model the Council was proposing;

- The 1.99% increase in council tax alongside the 2% levy for adult social care was the maximum that Leicestershire families would be able to cope with in the present financial climate. The Council could have chosen to front load the increases by having two 3% rises followed by a 0% rise in the third year of the MTFS. This approach would have led to an increased resources of around £8 million though it had been a political decision to phase the increases over three years, making it more manageable from the point of view of the public;

- The Secretary of State for Communities and Local Government, Sajid Javid MP would be attending a County Council meeting relating to the Combined Authority proposals and this meeting would be used as an opportunity to press the need and urgency for Leicestershire's funding model to be adopted.

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

- In response to concerns that rising demand for SEN education was making it difficult to sustain the budgetary position, it was noted that there was a plan in draft form which aimed to address the need for provision of sufficient SEN placements within the County as out of County and independent placements came at a high financial cost to the Council (£60,000 per pupil). It was hoped that a free school could be established to enable those with SEN to be placed locally. The Children and Families Overview and Scrutiny Committee would be pursuing this issue as part of its work programme;

- The Council's response to the financial settlement had been sent to the Government. A copy of the response would be provided to members following the meeting;

- The national concern about the current state of the NHS largely related to "bed blocking", the picture locally was different and was known to be based more around the provision of community hospital beds;

- No details had yet been established for the basis on which business rates would be retained by local authorities. A consultation exercise was expected to be launched nationally in the coming weeks.

RESOLVED:

(a) That the information provided be noted;

(b) That the comments of the Commission be forwarded to the Cabinet for consideration at its meeting on 10 February 2017.

62. <u>Medium Term Financial Strategy 2017/18 to 2020/21 - Chief Executive's Department.</u>

The Commission considered a report of the Chief Executive and Director of Corporate Resources concerning the proposed Medium Term Financial Strategy (MTFS) 2017/18–2020/21 as relating to the Chief Executive's Department. A copy of the report, marked "Agenda Item 9", is filed with these minutes.

The Chairman welcomed to the meeting the following Cabinet Lead Members who represented service areas that fell within the Department's remit:

- Mr. R. Blunt CC, Cabinet Lead Member for Planning
- Mr. J. T. Orson JP CC, Cabinet Lead member for Regulatory Services
- Mr. N. J. Rushton CC, Leader of the Council and with responsibility for Economic Development

In introducing the report, the Chief Executive reported that the Department provided a broad range of services and facilitated the Council's relationships with the NHS and the Police and Crime Commissioner in addition to taking a lead role in the arrangements for a Combined Authority.

In response to questions, members were advised as follows:

- Though there had not been a full assessment of the costs to the Authority thus far in attempting to set up a Combined Authority, it was likely that over £150,000 would have been spent in officer time in obtaining the full agreement of the district councils to the cost-sharing proposals;

- The Department retained very little in the way of contingency funding, the purpose of which was to address on a needs basis minor issues such as the renewal of equipment and pay increases;

- Though the Council had been engaged in work to increase community capacity, its contract with Voluntary Action LeicesterShire had been changed and would mean a reduced support offer;

- The increased income via Registration Services was partly due to the success of Anstey Frith House which was proving to be a popular location for wedding services. There were also opportunities for charging for some auxiliary services. There would be a small increase in fees for the licensing of wedding venues and for the provision of a registrar to conduct ceremonies. All increases were within commercial expectations whilst ensuring Leicestershire remains competitive as a ceremony location;

- The fees charged to developers for planning services were set nationally. A White Paper was expected in March which would likely set out proposals for local authorities to set their own fees. Increased income was expected for some planning services which were sold to district councils.

RESOLVED:

(a) That the report and information now provided be noted;

(b) That the comments made at this meeting be forwarded to the Cabinet for consideration at its meeting on 12 February 2017.

63. Medium Term Financial Strategy 2017/18 to 2020/21 - Corporate Resources and Corporate Items.

The Commission considered a report of the Director of Corporate Resources concerning the proposed Medium Term Financial Strategy 2016/17 to 2019/20 as it related to the Corporate Resources Department. A copy of the report, marked "Agenda Item 10", is filed with these minutes.

Introduction

The Director advised that the Department's gross spend was £78.2 million. It was planned that £45 million of this would be achieved through income generation. The Department had achieved £19 million of savings since 2010 and services were felt to have remained at a high standard.

Arising from questions the following points were noted:

- The savings requirement for the Department (£2.3 million in 2017/18 rising to £5.6 million by 2019/20) would be challenging to deliver and would be heavily dependent on the success of the Council's traded offer;

- There had been a concerted effort to boost the Council's traded services. Services such as facilities management, catering and print had been consolidated under one brand ("Leicestershire Traded Services") with a new post established to oversee the commercialisation of the services. The brand aimed to play to the Council's established reputation for quality and reliable services;

- Assets such as Beaumanor Hall were being developed to better market the heritage and history of their locations as well as achieving income to make a contribution to the council's savings target;

- There had been around £20 million of investment in property funds which were known to provide a reasonable rate of interest of around 4-6%. Income from these investments would be used to support the MTFS on an ongoing basis;

- The savings in respect of the Customer Service Centre (£130,000 from 2018/19) would be achieved mostly via the digitisation of services and a re-engineering of the processes to deliver savings as well as improved ways of working and improved customer service It was suggested that such an approach had already had a positive effect on hospital discharge times;

- The savings identified for the Employee Service Centre would be achieved through service redesign and the procurement of a replacement for the Council's business intelligence system, which was presently provided by Oracle;

- It was felt that there was little scope to further rationalise the Council's service departments. The Council's "target operating model" would be reviewed. It was suggested that there might be some savings which could be harnessed via the centralisation of the Council's administration function, though a review was ongoing in this respect.

RESOLVED:

(a) That the report and information now provided be noted;

(b) That the comments made be forwarded to the Cabinet for consideration at its meeting on 10 February 2017.

64. Medium Term Financial Strategy 2017/18 to 2020/21 - Consideration of Responses from Overview and Scrutiny Committees.

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

In response to questions from members, the Leader confirmed the following:

- The saving in respect of Council subsidised bus services would be challenging to achieve and would prove controversial. It was acknowledged that this saving would affect mostly bus users in rural areas. Were the Council's revised funding model to be adopted by the Government then it was possible that this saving could be looked at again;

- It was felt that the issue around children's' centre provision was best addressed at a corporate level and was being assessed as part of a review of early help and prevention. It was felt that there was scope to reduce the number of children's centre whilst retaining the same level of service;

- The County's lack of foster carers had brought about a significant recruitment drive. It was noted that there was presently a lack of recognition at Government level for the financial impact that could be felt on those authorities that were unable to place refugee children locally and would then be forced to place children in costlier national placements;

- It was acknowledged that there was scope to extend the hours of operation of the Park and Ride services at Enderby and Birstall, with the aim of benefiting late night shoppers. Talks were ongoing with the City Mayor in regard to the possibility of a joint franchised bus service.

RESOLVED:

(a) That the supplementary report be noted;

(b) That the comments made at this meeting be forwarded to the Cabinet for consideration at its meeting on 10 February 2017.

Leicestershire County Council

HEALTH OVERVIEW AND SCRUTINY COMMITTEE
19 JANUARY 2017

MEDIUM TERM FINANCIAL STRATEGY 2017/18 TO 2020/21

MINUTE EXTRACT

The Committee considered a joint report of the Director of Public Health and Director of Corporate Resources which provided information on the proposed 2017/18 to 2020/21 Medium Term Financial Strategy (MTFS) as it related to the Public Health Department. A copy of the report marked 'Agenda Item '8' is filed with these minutes.

The Chairman welcomed Mr. E. F. White CC, Cabinet Lead Member for Health to the meeting.

In his introduction to the report, the Director of Public Health explained that the MTFS proposals for 2017/18 related wholly to the Public Health Department and were intended to address the reduction in Public Health grant of the MTFS savings requirement. Most of the savings for 2017/18 were the full year impact of changes which had been successfully implemented the previous year from 2018/19 onwards and that the role of Public Health should be seen in the broader context of the Council-wide Early Help and Prevention Review.

The Cabinet lead Member welcomed the report which, in his opinion, showed that the Department was well led, in control of its budget and was able to identify new ways of delivering services at a lower cost than had previously been the case.

In response to questions and comments the Committee was advised as follows:-

(i) The Committee welcomed the report and the ethos of the Department which was to make efficiency savings through good contract management. Most of the savings for 2017/18 were the full year impact of changes which had been successfully implemented the previous year;

(ii) Prevention formed one of the 14 workstreams of the Leicester, Leicestershire and Rutland STP. Some elements of this workstream would be delivered jointly with Leicester City and Rutland and some would be specific to Leicestershire. First Contact Plus was integral to the Leicestershire prevention model. The Director undertook to inform members if there was anything they could do to help preserve this vital part of preventative services;

(iii) The Committee was of the view that the First Contact Plus service was an integral part of the Council's prevention offer as it was the place from which people were referred to all other services. Concern was expressed that the funding for First Contact Plus for 2017/18 had not been confirmed as 2/3 of the funding for the service would come from the Better care Fund and this had not yet been agreed. It was hoped that the NHS partners would continue to fund First Contact Plus through the Better Care Fund;

(iv) It was noted that there were some difficulties with the interoperability of First Contact Plus with GP surgery IT systems. It was confirmed that further work would be undertaken in this area to ensure that the system was as easy as possible for GPs to use;

(v) The Committee welcomed the commitment to the Lightbulb Service which was a programme of integrating practical housing support into a single service that was available to all, easier to access, easier to use, and shaped around an individual's need not an organisation's processes. It was noted that the business case had not yet been approved by all district councils, although it was expected that this would be in place in due course;

(vi) It was confirmed that the Sexual Health testing online service had gone live on 1 January 2017. This enabled service users to register their details online so that they could receive a testing kit sent directly to their home. It was suggested that this service should be promoted to GP surgeries;

RESOLVED:

(a) That the report and information now provided be noted;

(b) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 25 January 2017.

Leicestershire County Council

ENVIRONMENT AND TRANSPORT OVERVIEW AND SCRUTINY COMMITTEE 19 JANUARY 2017

MEDIUM TERM FINANCIAL STRATEGY 2017/18 TO 2020/21

MINUTE EXTRACT

The Committee considered a joint report of the Director of Environment and Transport and Director of Corporate Resources which provided information on the proposed 2017/18 to 2020/21 Medium Term Financial Strategy (MTFS) as it related to the Environment and Transport Department. A copy of the report marked 'Agenda Item '8' is filed with these minutes.

The Chairman welcomed Mr. P. C. Osborne CC, Cabinet Lead Member for Highways and Transport and Mr. B. L. Pain CC, Cabinet Lead Member for Waste Management and Recycling to the meeting for this item.

In introducing the report the Director and Cabinet Lead Members advised members of the financial challenges facing the Council and the significant change that had taken place across the Department to enable it to achieve £2.5 million of staff savings. This had enabled a shift in service delivery to a commissioning model with some in-house services still provided, where it was appropriate and cost efficient to do so. It was felt that, whilst it had been a difficult process to achieve such significant savings, the Department was now well placed to cope with the financial challenges in future years.

In response to questions and comments the Committee was advised as follows:-

Service Transformation

- A view was expressed that, whilst the work of officers to maintain services and deliver them more efficiently was appreciated, it would be necessary for members to be consulted on any plans that would lead to a reduction in service;

Proposed Revenue Budget and Budget Transfers

- The Waste Management revenue budget included provision for 1 % growth in household waste per annum, largely to cover estimated future housing growth;

Growth

G11 – SEN Transport

- A large portion of the revenue budget related to demand-led services such as SEN transport, where the Council was required on a statutory basis to deliver services. It was noted that the SEN transport budget, which represented 7.9% of the Department's budget in 2010/11 but now stood at 16% and this reflected the rising demand which the Department was having to withstand;

- A detailed review of SEN transport would be conducted in the coming months. The Cabinet Lead Member stressed that it was and would remain a policy of the Council's Cabinet to safeguard those services accessed by the most vulnerable;

G13 – Landfill Tax

- A view was expressed that the rise in landfill tax placed an unfair burden on local authorities and it therefore required review on the part of the Government. The Cabinet Lead Member agreed and stated that it was hoped that Defra's pending 25 year plan would address this issue and encourage the Government to rethink the landfill tax;

Savings – Highways and Transport

ET1 – Street Lighting

- The work of the Department to implement LED street lighting was commended as both a welcome cost saving and an improvement to night time lighting;

ET8 – Review of Road Safety Strategy and Provision

- This saving would be achieved through a re-focusing of activity around core campaigns to reduce incidents though it was acknowledged that there would be a reduction in the provision of road safety education. Any surpluses acquired from the running of driver education workshops would be used to fund school crossing patrol services;

ET11 – Public Bus Services

- Council subsidised bus services would be reviewed. It was drawn to the attention of members that this would affect 0.7 million of a total number of 13.7 million bus journeys (12.7 million commercial journeys and 0.3 million park and ride journeys would be unaffected by these proposals);

- Park and Ride services remained a key strategy in reducing road traffic. However, there were as yet no proposals for further Park and Ride schemes in the County;

(Mr. D. C. Bill CC and Mr. G. A. Boulter CC each requested that it be recorded in the minutes that they opposed the removal/reduction of Council subsidised bus services)

ET12 – County-wide Parking Strategy including Residents' Parking Permits and Consideration of on-street Parking Charging

- Concerns were raised that the £650,000 saving would prove difficult to achieve as a result of a lack of areas where on-street parking charging would be appropriate or effective. It was suggested that the measure could also have a negative effect on traders. The Director assured members that any policy in this regard would be publicly consulted on and taken through the Overview and Scrutiny process prior to any approval at Cabinet level. The Director accepted that, whilst any policy in this regard was likely to be controversial, the Council was required to do all that it could to address the £23.9 million budget shortfall;

- Concern was expressed that, were the Council unable to achieve a portion of this saving through on-street parking charging then it would be possible that it could seek to increase further the charge for residents' parking permits. In response, the Director indicated that there were no plans to increase the cost of residents' parking permits on an annualised basis though they would rise in order to meet inflation and ensure full cost recovery;

- In response to a suggestion that parking charging could be implemented at County Hall for Council staff as a means of reducing the saving required via resident parking charges, the Director indicated that this was a matter for the Director of Corporate Resources;

  (Mr. D. C. Bill CC and Mr. G. A. Boulter CC each requested that it be recorded in the minutes that they opposed the ET12 saving measure)

Savings – Environment and Waste

ET13 – Revised Payment Mechanism on Recycling Credits and ET17 – Revised Payment Mechanism for Recycling Credits for Dry Materials

- The withdrawal of recycling credits would achieve £3.4 million of savings, though the effect of the County Council then tendering for its own recycling contract(s) would ultimately mean achieving a saving of around £1.4 million in 2020/21. The precise phasing of this saving would be dependent on District Councils' current contractual arrangements for recycling, and when they terminate, which is why the savings increase over the course of the MTFS. The actual saving that would be achieved would be dependent on the contract that was ultimately awarded. It was noted that increased clarity would be provided on this issue in the next MTFS when more details would be known about the contract;

- It was noted that there had been no negative impact from the withdrawal of recycling credits for green waste recycling and there was no obvious evidence of a rise in the levels of green waste being sent to landfill. Home composting would continue to be publicised and promoted by the Council's Waste Prevention Team to encourage recycling of green waste at home;

(Mr. D. C. Bill CC and Mr. G. A. Boulter CC each requested that it be recorded in the minutes that they opposed the ET17 saving measure)

Capital Programme

- The £83 Million Capital Programme was expected to rise substantially as a result of additional government grants in areas such as infrastructure and housing delivery (it was noted that an additional £2.7 million allocation from the National Productivity Investment Fund had recently been confirmed);

- Reference was made to the £360 million of pipeline projects which the Council had identified and for which it was hoped that further funding could be accessed;

- The Council remained hopeful of achieving Level 3 (by 2018/19) on the assessment scale the Government uses to assess authorities' approach to asset management which in turn determined the amount of Incentive Fund money the Authority received (paragraph 27(b) of the report refers). The Capital Programme assumed the Council would remain at level 2, in order that additional funding would be available should it reach Level 3. It was advised that those authorities that had been successful in achieving devolved powers from the Government would automatically qualify for Level 3 and thereby access the increased funds.

RESOLVED:

(a) That the report and information now provided be noted;

(b) That a list of Council subsidised bus routes be provided to members following the meeting;

(c) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 25 January 2017.

Leicestershire County Council

ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE
17 JANUARY 2017

MEDIUM TERM FINANCIAL STRATEGY 2017/18 – 2020/21

MINUTE EXTRACT

The Committee considered a joint report of the Director of Adults and Communities and Director of Corporate Resources which provided information on the proposed 2017/18 to 2020/21 Medium Term Financial Strategy (MTFS) as it related to the Adults and Communities Department. A copy of the report marked 'Agenda Item '8' is filed with these minutes.

The Chairman welcomed Mr D W Houseman MBE CC, Cabinet Lead Member for Adult Social Care and Mr R Blunt CC, Cabinet Lead Member for Heritage, Leisure and Arts to the meeting for this item.

In introducing the report the Director and Cabinet Lead Members advised members of the financial challenges facing the Council and the significant demand and cost pressures facing the social care services in dealing with an ageing population and an increased number of people with complex disabilities. The Department had over the last few years sought to prevent and delay the need for services by various means aimed at promoting independence and by looked critically at the delivery and cost of services.

In response to questions and comments the Committee was advised as follows:-

Service Transformation

i) The County Council and District Councils had agreed that the Disabled Facilities Grant (DFG) funding would be passported in its entirety to the District Councils on the understanding that any underspends would be returned and be available for use on other health and social care services.

ii) The funding in connection with Lightbulb Project is yet to be determined.

Proposed Revenue Budget

iii) The County Council and Departmental approach was not to 'salami slice' services but rather to consider the impact of services on individuals and the local community, consider how the delivery of service might be improved and whether the service could be redesigned and recommissioned in a more cost effective way. The County Council had made it a clear priority to support the most vulnerable in society and to that end the Adult Social Care budget was one of the few in the Council to show a year on year increase in spend.

iv) The additional 2% precept to fund social care was not shown as a specific line in the budget figures as the Council took a holistic approach to the preparation of the budget. The Department was required to have regard to the guidance issued concerning the use of the additional funding and could confirm that the proposed increase in funding to adult social care would be more than the amount raised through the precept.

v) The budget figures for 2018 onward in the table at paragraph 14 did not include inflation as this was held as a central contingency.

Growth

vi) The growth now identified in G3 – Older People Demand was less than that requested in previous years. The Department had undertaken an analysis of the number of people seeking assistance, the size of the care packages and the impact of measures put in place to promote self-care and independence. The result was that demand which had shown growth was beginning to stabilise hence the need for less new resource.

Adult Social Care – Departmental Savings

vii) The Shared Lives Initiative (AC6) was currently supporting approximately 140 people and had been well received. The Scheme enabled people with additional needs to be paired with families who would provide social support rather than such people being provided support in institutional settings. A detailed report would be made to the Committee on the operation of the Scheme.

viii) The proposals set out in paragraph 39 regarding a robust review of high cost placements was aimed at looking at the cost of commissioning certain elements of the care package rather than a focus on reducing the care package.

ix) The Departments approach to Personal Budgets did recognise the variation in the cost of commissioning services across different parts of the County.

Communities and Wellbeing – Transformation Savings

x) The savings requirement on this area of service was significant with a saving of £1.3million to be found from a budget of £4.9million.

xi) The proposals regarding the introduction of Smarter Libraries had proved successful elsewhere. Members of the Committee welcomed the proposed approach which it was hoped would lead to greater use of libraries and increased opening hours.

xii) The business case for the proposed Collection Hub was still being developed. The intention was to bring collections together in a single more central location which would ensure that such collections were accessible. Whilst there would be revenue savings there would be a significant one-off capital cost. In developing the business case Leicester City and Rutland Council would need to be consulted particularly if the new Hub were to include the Record Office.

Health and Social Care Integration

xiii) The final Better Care Fund (BCF) allocation was still awaited. However, in compiling the budget it was clear there could be a potential shortfall of £3million if all of the DFG funding passported to District Councils was fully spent by them and the need to find savings of £2million to support health service budgets which were under significant pressure.

Capital Programme

xiv) The provision of £310,000 for Extra Care Provision was to support future provision such as the current development in Loughborough. Members welcomed this investment and a number commented on the success of such developments elsewhere in the County.

RESOLVED:

(a) That the report and information now provided be noted;

(b) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 25 January 2017.

Leicestershire County Council

CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY COMMITTEE
16 JANUARY 2017

MEDIUM TERM FINANCIAL STRATEGY 2017/18 – 20/21

MINUTE EXTRACT

The Committee considered a joint report of the Director of Children and Family Services and the Director of Corporate Resources on the proposed Medium Term Financial Strategy (MTFS) for the period 2017/18 – 2020/21 as it related to Children and Family Services. A copy of the report, marked 'Agenda Item 8' is filed with these minutes.

The Chairman welcomed to the meeting the Cabinet Support Member, Mr. G. A. Hart CC who was attending for this item.

In his introduction to the report, the Director of Children and Family Services explained that the majority of savings proposed in the MTFS had been identified in previous years, although some adjustments had been made as a result of further work to develop the proposals. The MTFS proposals also reflected the need for growth in two areas. These were: the social care placements budget, where the number of looked after children had increased and was expected to continue to do so, putting significant pressure on the budget; and social care. There were three elements to the social care growth: the need to reduce caseloads to a reasonable level; improvements to the systems and processes for quality assurance; and the capacity of the Children's Rights Service.

Arising from discussion the following points were raised:-

Service Transformation

(i) The transformation programme for the department would need to respond to expected legislative changes. These changes included the Children and Social Work Bill, a White Paper which would clarify the role of local authorities in education and the proposals for fairer funding for schools which were currently the subject of consultation. It was agreed that a report outlining the proposals set out in the Children and Social Work Bill would be submitted to a future meeting of the Committee.

Growth

(ii) Concern was expressed that, despite the growth included in the social care placements budget (G1), there was also a savings requirements from the same budget (CF2) which was larger than the growth being made available. The Committee was advised that children's social care had received an investment of approximately £8 million the previous year. The growth proposed in the MTFS would enable the department to meet the increased level of demand, however, it was expected that more cost effective placements would be identified in order to achieve the savings target. Work was already underway to reduce the number of residential placements and increase the number of looked after children placed with in-house foster carers. Placements in family settings resulted in better outcomes as well as being more cost effective.

(iii) The Department's strategy to increase the number of in-house foster carers was acknowledged to be challenging, especially as the foster care market had not been fully tested before so its capacity was not known. The need to place unaccompanied asylum seeking children could also present a challenge. There would need to be careful management of the strategy with regular targets set to ensure it was delivering as expected. The largest level of savings would be achieved through a reduction in the number of residential placements, although some savings would be realised through a reduction in the use of independent foster carers. Work was already underway to recruit more in-house foster carers.

Savings

(iv) With regard to the review of the Children's Centre Programme (CF4), it was confirmed that the review undertaken in 2016 had encompassed the whole range of services provided by Children's Centres and had considered them all on the same basis regardless of which organisation owned them. Work was currently being undertaken with partners to consider how the savings requirement would be met, including exploring options for how Children's Centres could be used differently. It was suggested that the views of service users and volunteers should also be sought. It was confirmed that the proposal would be subject to a business case which would be submitted to both the Cabinet and this Committee for consideration.

(v) The importance of preventative work to reduce the demands on Children and Family Services was acknowledged. The cross cutting Early Help and Prevention Review would focus on areas where efficiencies could be achieved by joining up services and by departments working together. It was led by the Director of Public Health, with the Assistant Director for Early Help and Education as the lead officer for Children and Family Services. The Early Help Strategy was also being refreshed to ensure that it was aligned to social care priorities and that service provision was targeted in the areas where it would have the biggest impact.

(vi) It was considered that the Department did not deliver a universal early help service; County Council staff targeted their support to vulnerable parents and families. The Children's Centre provision included some universal services such as stay and play groups but they were run by volunteers. Part of the review of the Children's Centre Programme would focus on enhancing the role of the voluntary sector and parents in the provision of universal services. Members of the Committee emphasised the importance of ensuring that the use of volunteers was sustainable and cautioned against their over use.

(vii) With regard to the proposal to introduce a charge for academy conversion (CF9), it was clarified that the Diocese could also hold assets for voluntary controlled schools and that the employer in the case of voluntary aided schools was the school governors. Further details relating to why church school conversions were considered to be more complex and costly than community schools would be provided following the meeting. It was noted that the charges proposed by the County Council were reasonable but that other areas did not charge different rates depending on the type of school being converted.

[Subsequent to the meeting, it was confirmed that there was an error in the report. Fees were proposed to be £3,500 for Voluntary Aided Schools and £5,000 for Community Schools. The total proposed saving of £70,000 remained unchanged.]

(viii) It was confirmed that the County Council did not currently have a policy that required schools to become academies, expect in cases of poor performance. The White Paper on Education was expected to clarify the Government's position with regard to academies.

Dedicated Schools Grant and Schools Budget

(ix) It was confirmed that there was currently flexibility to move funding between the Schools Block and the High Needs Block for 2017/18. However, the future of the High Needs Block was currently subject to national consultation. If it was not possible move funding between the blocks in the future then the County Council would have to reduce expenditure in these areas.

Savings under Development

(x) It was proposed that a new service model for disabled children's respite care could be developed. This area had the potential to make savings through reducing the reliance on residential settings for short breaks and increasing the range of provision, for example through foster carers or a buddying scheme. Good practice from other authorities would be considered in developing the proposal and it was confirmed that any proposal would be developed jointly with the NHS. It was likely that, if the proposal as taken further, it could take a few years before it was ready to be implemented.

Other Funding Sources

(xi) It was considered that the funding from the Department of Communities and Local Government for the Troubled Families Programme was estimated as part of the funding came from a payment by results scheme. The £0.9 million did not include funding from partner contributions.

(xii) The estimated £0.35 million for supporting unaccompanied asylum seeking children related to funding that would be received from the Home Office. The full cost for this area of work was much greater.

Capital Programme

(xiii) The capital funding for structural changes to the pattern of education relating to 10+ education would make places available in primary schools to facilitate phased change including building extra accommodation. The first two years of the capital programme were fairly certain as government grants had been confirmed and the estimates of Section 106 contributions from developers were robust. For the second two years of the capital programme there was less clarity; it was difficult to predict the level of Section 106 contributions that would be available.

RESOLVED:

(a) That the report and information now provided be noted;

(b) That the comments of the Committee be forwarded to the Scrutiny Commission for consideration at its meeting on 25 January 2017;

(c) That reports be submitted to future meetings of the Committee on the following matters:-

- The implications of Children and Social Work Bill for the County Council;
- The Council's strategy for fostering;
- The review of the Children's Centre Programme.

(d) That further details relating to why church school conversions were considered to be more complex and costly than community schools be provided to the Committee.

Leicestershire County Council

CABINET – 10 FEBRUARY 2017

REPORT OF THE DIRECTOR OF CHILDREN AND FAMILY SERVICES

2018/19 SCHOOL AND HIGH NEEDS FUNDING PROPOSALS

Purpose of the Report

1. The purpose of this report is to advise Cabinet of the second stage of consultation issued by the Department for Education (DfE) on the implementation of the National Funding Formula (NFF) for Schools and the introduction of a formulaic basis for the distribution of the High Needs Block of the Dedicated Schools Grant (DSG) in 2018/19.

Recommendation

2. The Cabinet is recommended to:

   (a) Note the second stage consultations issued by the Department for Education on the implementation of a National Funding Formula for schools, and the formulaic distribution of the High Needs Block of Dedicated Schools Grant;

   (b) Note that the implications of the two consultations will be considered by the Schools Forum and the Children and Families Overview and Scrutiny Committee;

   (c) Agree that a further report be submitted to the Cabinet in March 2017 setting out in detail the implications of the proposals for both the County Council and Leicestershire schools and academies, and a proposed response to the two consultations in light of any comments made by the Schools Forum and the Overview and Scrutiny Committee.

Reason for Recommendations

3. To inform the Cabinet of the current proposals outlined within the two consultation documents.

Timetable for Decisions (including Scrutiny)

4. The Schools Forum will consider the implications at its meeting on 9 February 2017.

5. A report will be presented to the Children and Families Overview and Scrutiny Committee on 6 March 2017 following which a further report will be presented to the Cabinet on 10 March 2017.

Policy Framework and Previous Decisions

6. None.

Resources Implications

7. Whilst both consultations provide illustrative indications of the financial impact of the proposals at this stage it is too early to fully assess the financial implications for the County Council and Leicestershire schools and academies.

8. It was widely expected that as a low-funded authority Leicestershire would see a beneficial financial outcome from the NFF proposals. Initial assessment of the exemplifications issued by the DfE through the consultation suggests this will not be the case. The figures are illustrative as 2018/19 budgets will be based upon the October 2017 census. For the NFF these will be updated for 2017/18 data, but they do demonstrate a greater weighting towards deprivation and low prior attainment. This together with a reduction of £40,000 in the lump sum paid to all schools and the proposed introduction of a ratio of primary to secondary school funding will mean that primary schools will be particularly affected and experience a decrease in budget whilst secondary schools benefit from the proposals.

9. The NFF proposals do not provide data on the impact on per pupil funding between authorities. Comparison between the overall Local Authority percentage change when compared to 2017/18 funding levels suggests that Leicestershire would be the fourth lowest funded authority for schools block DSG compared to lowest third for 2017/18.

10. The financial implications for Leicestershire schools of the new formula is potentially serious given that these changes will take place at a time of real term reduction in funding. The National Audit Office has calculated that schools will need to save £3bn (8%) nationally to meet cost pressures such as the national minimum wage. Given Leicestershire's low funding position and the negative impact of the new formula on many schools this is likely to prove very challenging.

11. The exemplification of the impact of the proposed high needs proposals identify that Leicestershire receives protection funding of £2.9m. The consultation proposes that no local authority would lose funding for the first four years of the formula, i.e. until March 2022. However, this does mean that the County Council is in a vulnerable financial position should either the level or timescale of protection be reduced. For 2017/18 it is intended that £2.85m will be transferred from the schools block to high needs. The consultation sets out a process whereby the DfE will undertake an exercise to determine whether this should be included in the 2017/18 grant baseline, the omission of this funding from the baseline will result in a loss of funding in 2018/19.

12. Any decision by the DfE to exclude the proposed 2017/18 transfer (£2.85m) from the schools to high needs block would result in an increased funding gap for 2018/19. It is worth noting that the high needs block is forecast to overspend by £2m in 2016/17 and, even after taking account of the transfer of resources, savings of £1.695m 2017/18, rising to £3.45m in 2018/19, are required to balance the budget.

13. The Director of Corporate Resources has been consulted on the financial implications of this report.

Legal Implications

14. The Director of Law and Governance has been consulted on the legal implications of this report.

Circulation under the Local Issues Alert Procedure

15. None.

Officers to Contact

Paul Meredith
Director of Children and Family Services
Tel: 0116 305 6300
Email: Paul.Meredith@leics.gov.uk

Jenny Lawrence
Business Partner, Finance, Corporate Resources Dept.
Tel: 0116 305 6401
Email: Jenny.Lawrence@leics.gov.uk

PART B

Background

16. Currently Local Authorities are responsible for setting a formula for funding all maintained schools and academies in their areas but this is subject to national constraints on the factors and values that can be used within it. In terms of school funding Leicestershire is the third lowest funded local authority.

17. High needs funding is largely based upon levels of expenditure from 2012/13, and the historic basis of the settlement has largely not reflected changes in pupil numbers and characteristics.

National Funding Formula Proposals

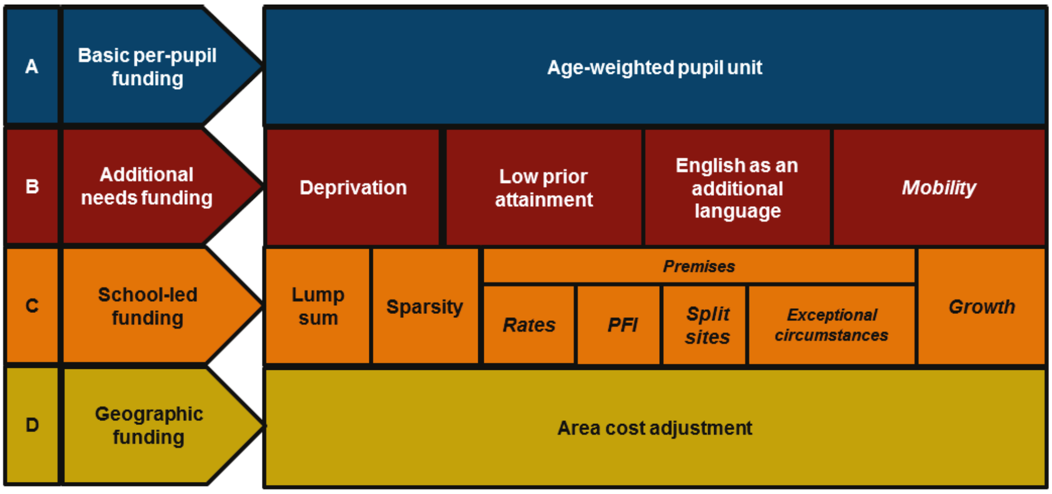
18. The NFF is based upon the principle that every pupil with the same characteristics will be funded the same irrespective of which local authority they are educated within.

19. For 2017/18 Leicestershire received schools block DSG at a rate of £4,156.59 per pupil. This compares to an average of £4,618.63. The highest funded authorities are in London where all authorities receive higher funding per pupil than Leicestershire. For example Tower Hamlets, Hackney and Kensington, and Chelsea receive £6,965.12, £6,847.43, and £6,098.99 respectively.

20. The impact of these differences is significant for Leicestershire schools. If an average sized primary school was funded at the national average per pupil it would receive an additional £0.112m, enough to fund 2.5 additional teachers. The equivalent figure for an average secondary school is £0.399m and 9 teachers.

21. The proposals set out a two-stage approach to the introduction of the NFF. This would result in ‘soft’ formula for 2018/19 where the funding for the Schools Block DSG will be an aggregate of pupil led individual school allocations plus school and geographic allocations based on 2017/18 funding levels. Local authorities will be responsible for setting a school funding formula but will be ‘encouraged’ to work towards the NFF. This will be followed by a ‘hard’ NFF in April 2019 with school funding being fully allocated by the DfE. A further consultation is expected to set this out in due course.

22. The NFF will allocate monetary values to specific pupil characteristics as shown in the following table;



23. The elements of the NFF were confirmed through the first stage of consultation. Stage 2 adds the monetary values and sets and the weightings between them. The DfE proposes that 91% of total funding (the current Leicestershire proportion is 87.47%) be delivered through pupil-led factors and, to facilitate this, deprivation and low prior attainment factors are proposed to increase in weighting. To fund this position it is proposed to set the value of the lump sum every school receives at £110,000, a £40,000 reduction from the £150,000 allocated through the current Leicestershire formula per school. This reduction is protected within a 3% floor reduction.

24. The distribution of the Pupil Premium is outside the scope of the consultation and remains distributed on the basis of the number of pupils eligible for free school meals which is a proxy indication of the level of deprivation. An increased weighting towards deprivation within the NFF will result in schools with relatively low levels of deprivation being funded at lower levels.

25. The illustrations suggest the following position for Leicestershire schools and academies:-

Funding Following the Full Implementation of National Funding Formula – Date Uncertain							
	Number Gaining	Number No Change	Number Losing	Greatest Gain	Greatest Loss	Average Change %	Overall Change £
Primary	75	3	146	+8.1%	-2.8%	0.0%	+£85k
Secondary	48	-	5	+9.1%	-1.4%	+5.1%	+ £8.5m
							+£8.6m
Funding for First Year of Transition - 2018/19							
Primary	75	3	146	+2.6%	-1.4%	+0.2%	+£0.4m
Secondary	48	-	5	+2.9%	-1.4%	+2.6%	+£4.3m
							+£4.8m

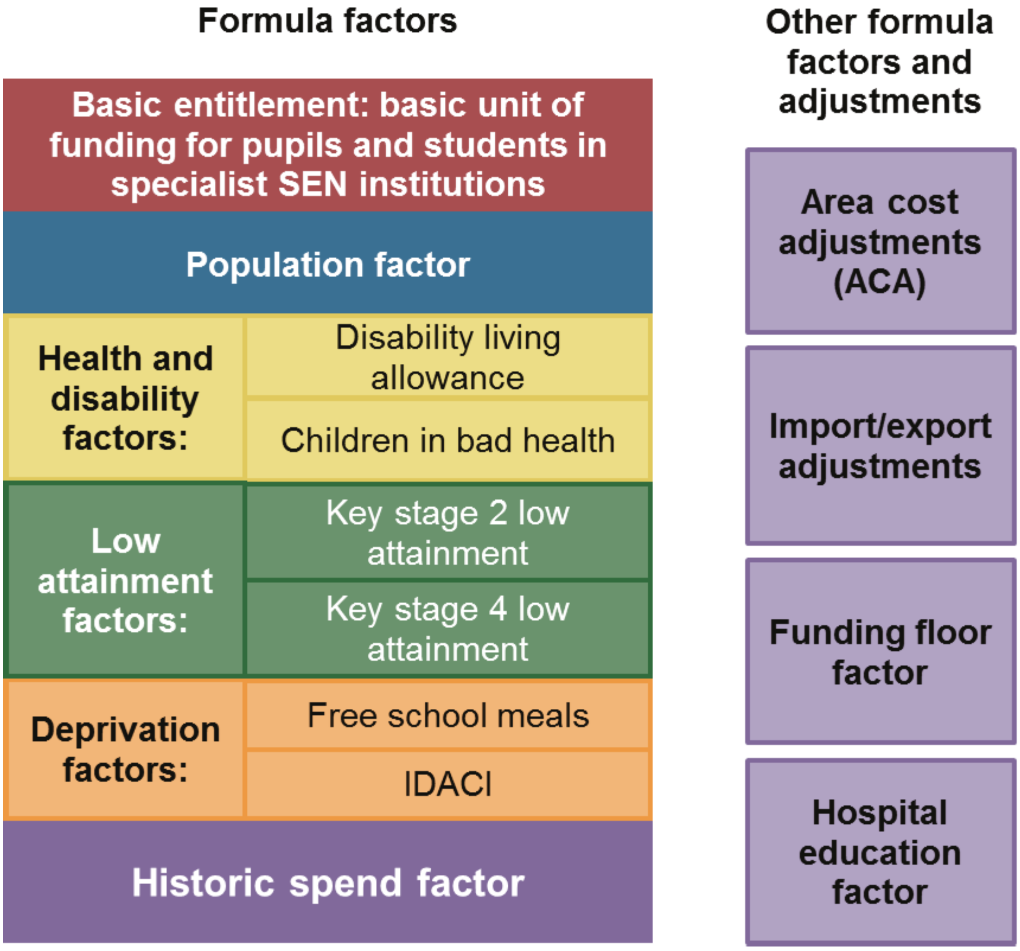
26. As funding will be delivered through pupil characteristics the average funding per pupil for each school will be unique and continue to differ between schools and local authorities.

27. The manner in which the DfE has presented the data does not easily allow schools to be grouped to identify if any particular size or location is a factor in the change of funding position.

High Needs Block Proposals

28. The consultation confirms the intention to introduce a formulaic grant in 2018/19; the factors to be used within the methodology are confirmed through the outcome of stage 1 consultation. As with the NFF consultation stage 2 sets out the monetary values and weightings attached to both.

29. The settlement will use the following factors:-



30. The consultation states that this structure will be in place for four years following implementation in April 2018. The illustrative figures within the consultation identify £2.9m of funding through the historic funding element and is effectively funding protection. It is unlikely that there will be sufficient increases to the pupil led elements of the formula over the four-year period of

protection and as such the County Council is vulnerable to any changes in the level of or timescale of this protection.

Conclusions

31. There have been high expectations that Leicestershire as a low funded authority would see an improved financial position as a result of these changes. This is not the case, given the emphasis on funding targeted at deprivation and English as an additional language which, in the case of Leicestershire schools is low. Additionally, given that attainment is relatively high in Leicestershire little benefit will be derived from the low attainment factor. The reduction in the lump sum adversely affects Leicestershire's primary schools.

32. Whilst the structure of the NFF has been set through the stage 1 consultation in March 2016, stage 2 is seeking views on the values and weightings for the formula.

33. The key issues within the proposals affecting Leicestershire schools are initially identified as the proposed reduction in the lump sum which particularly affects primary schools and the significant focus on deprivation. The proposals have a differential impact on primary and secondary schools through the setting of the ratio of secondary to primary funding.

Background Papers

DfE Consultation - Schools National Funding Formula: stage 2
https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/

DfE - High Needs National Funding Formula: stage 2
https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform-2/

Equality and Human Rights Implications

34. Both consultations are supported by comprehensive Equality Impact Assessments. Any proposals for change in school funding at a local level will consider any implications.

This page is intentionally left blank

Leicestershire County Council

CABINET – 10 FEBRUARY 2017

LEICESTERSHIRE’S POLICY ON ADMISSIONS TO MAINSTREAM SCHOOLS: DETERMINATION OF ADMISSION ARRANGEMENTS

REPORT OF THE DIRECTOR OF CHILDREN AND FAMILY SERVICES

PART A

Purpose of the Report

1. The purpose of this report is to seek the Cabinet’s approval of Leicestershire’s School Admissions Policy for entry from September 2018 as detailed in Appendix A to this report, and Leicestershire’s oversubscription criteria and the three co-ordinated schemes for the normal round of transfers (both of which remain unchanged), set out in Appendix B.

2. The report also details recommendations made by the Office of the Schools Adjudicator (OSA) regarding three aspects of the School Admissions Policy which required amendments to be made to the Policy in December 2016 to ensure this continued to meet the requirements of the National School Admissions Code.

Recommendations

3. It is recommended that:

   a) The recommendations of the Office of the Schools Adjudicator (OSA) which resulted in minor amendments being made to Leicestershire’s School Admissions Policy in December 2016 be noted;

   b) The Leicestershire’s School Admissions Policy for entry from September 2018, as set out in Appendix A to this report, be approved;

   c) It be agreed that Leicestershire’s oversubscription criteria and the three co-ordinated schemes for the normal round of transfers for September 2018 entry, as set out in Appendix B to this report, remain unchanged.

Reasons for Recommendations

4. The School Standards and Framework Act 1998 places an obligation on the County Council to determine the admission arrangements for community and voluntary controlled schools in Leicestershire.

5. As the admitting authority the County Council is required to confirm the school admissions arrangements by 28 February on an annual basis, even if no changes are made.

6. Amending the School Admissions Policy in response to the recommendations of the Office of the Schools Adjudicator ensured continued compliance with the National School Admissions Code.

Timetable for Decisions (including Scrutiny)

7. The Policy must be determined by 28 February 2017 and must be made available on the County Council's website no later than 15 March 2017. A summary of the Admissions Policy will appear in the annual publication "Your Guide" for parents and carers, which is made available early in September of each year.

Policy Framework and Previous Decisions

8. The County Council's policy in this area is relevant to admissions to community schools, voluntary controlled schools, and those Academies (including Free Schools) that have adopted the Local Authority's Admissions Policy. The Policy must contain clear and objective criteria for administering parents' requests for school places and all applications must be treated equally, regardless of whether or not the parents live in Leicestershire. To this end, the County Council must have regard to the Department for Education (DfE) School Admissions Code (released in December 2014) and School Admissions Appeals Codes. The County Council also has a statutory duty under the Education Act 1996 to ensure sufficient school places for every Leicestershire child whose parents seek one.

9. Leicestershire's Schools Admissions Policy (for entry from September 2017), its oversubscription criteria and three co-ordinated schemes for the normal round of transfers, were last considered and approved by the Cabinet on 12 January 2016.

Resource Implications

10. There are no resources implications arising from this report. The cost of administering the admission arrangements is borne within existing budgets.

Circulation under the Local Issues Alert Procedure

11. None. Members will be advised, via the Members' News in Brief service, when the policy is published on the County Council's website.

Officers to Contact

Paul Meredith, Director of Children and Family Services
Tel: 0116 305 6300
Email: Paul.Meredith@leics.gov.uk

David Atterbury, Head of Strategy (Education Sufficiency), Children and Family Services
Tel: 0116 305 7729
Email: David.Atterbury@leics.gov.uk

Gurjit Singh Bahra, Head of School Admissions and Pupil Services, Children and Family Services
Tel: 0116 305 6324
Email: Gurjit.Bahra@leics.gov.uk

PART B

Background

12. Leicestershire's existing Admissions Policy was agreed by the Cabinet in January 2016. At the time it was noted that no changes to the Policy were proposed due to the expectation that the DfE would be undertaking a consultation later in the year on changes to the National School Admissions Code. This consultation did not take place and it now appears to have been shelved.

13. The proposals for consultation had arisen as a consequence of the Government's White Paper 'Educational Excellence Everywhere', launched in March 2016. Indications in the White Paper promised to tidy-up and review current practices for admissions and offer greater clarity to several areas, in particular National consistency for processing delayed school starts, i.e. admissions outside of the normal year group.

14. The White Paper has since been superseded by the Green Paper '*Schools that work for everyone',* for which views from local authorities were sought through a formal consultation that ended on 12 December 2016. The County Council's response to this consultation was approved by the Cabinet on 23 November 2016. The consultation made reference (amongst other things) to the potential introduction of selective schools and changes to faith school admission arrangements. However, it has not yet been made clear by the DfE how and when this might affect the National School Admissions Code.

Recommendations of the OSA

15. In summer 2016, a parent raised a complaint with the Office of the Schools Adjudicator (OSA) objecting to certain aspects of the admissions policy of a Leicestershire primary academy. In responding to questions arising from the OSA, the academy said that its policy was modelled on aspects of the Leicestershire Policy. This prompted the Adjudicator to comprehensively review Leicestershire's Policy to ensure that it complied with the National Code, and on 6 October 2016 it recommended to the County Council that the Policy be amended in order to clarify the following:

    - Reference to delayed entry requests which stated *"priority will be given to children in the appropriate age range"*. The OSA took the view that the presence of this phrase makes the status of an agreed application to be admitted out of the normal age group uncertain, rendering the process for making such an application unclear and therefore contrary to paragraph 2.17 of the Code which states that *"Admission authorities must make clear in their arrangements the process for requesting admission out of the normal age group."*

- Reference to deferred entry requests. The OSA considered that this did not comply with paragraph 2.16 of the National Code because it failed to state that attendance on a part-time basis below the age of compulsory schooling is an entitlement.

- Reference to the wording of the oversubscription criterion 7 relating to religious faith within both the Policy and the accompanying footnote. Schools designated as having a religious character under section 69(3) of the School Standards and Framework Act 1998 are the only maintained schools which may have faith-based admission arrangements, including any faith-based oversubscription criteria. The only primary schools for which the Council is the admission authority which have a religious character are a small number of Church of England voluntary controlled schools. They are accordingly the only schools in which faith may play any part in admissions. However, the OSA considered that the oversubscription criterion 7 (and the accompanying footnote) in the Council's Policy could be construed as making a general statement and as being applicable to any school for which the Council is the admission authority which would be contrary to paragraph 14 of the National Code. The OSA also advised that greater clarity should be provided to state what is required to secure priority for admission to voluntary controlled primary schools in the County on the grounds of religious belief, in order to ensure full Code compliance.

16. On a positive note, and notwithstanding the clarity being sought by the Adjudicator, the remainder of the Policy was unchallenged and deemed Code compliant and the Policy overall therefore remains fundamentally unchanged.

17. The OSA required that the Leicestershire Admission Policy be amended by 31 December 2016 and this was done.

Background Papers

National School Admissions Codes December 2014
http://ow.ly/Waxbl

Report to the Cabinet - 16 March 2015 - Leicestershire's Policy on Admission to Mainstream Schools: Determination of Admission Arrangements
http://ow.ly/dZMy308bChf

Report to the Cabinet, 12 January 2016 - Leicestershire's Policy on Admissions to Mainstream Schools: Determination of Admission Arrangements and minutes of that meeting.
http://ow.ly/iMj1308bCyc

Report to the Cabinet - 23 November 2016 - Response to Department for Education Consultation Document – Schools that Work for Everyone
http://ow.ly/uAdM308bCpK

Appendices

Appendix A	-	Leicestershire School Admissions Policy September 2018 entry
Appendix B	-	School Admissions Oversubscription Criteria entry September 2018 The three Co-ordinated Admission Schemes include: First Time Admissions; Infant to Junior transfers; Secondary School transfers and Mid-Term transfers during the 2018-19 Academic Year
Appendix C	-	Equality and Human Rights Impact Assessment

Equality and Human Rights Implications

18. An Equality and Human Rights Impact Assessment questionnaire was completed to ensure no child would be disadvantaged based on the proposals that had been put forward (this is attached as Appendix C to this report).

Leicestershire County Council

CABINET – 10 FEBRUARY 2017

DEVELOPMENT OF A RAIL STRATEGY (INCLUDING HS2) FOR LEICESTER AND LEICESTERSHIRE

REPORT OF THE DIRECTOR OF ENVIRONMENT AND TRANSPORT

PART A

Purpose of the Report

1. The purpose of this report is to advise the Cabinet of the outcome of the consultation on the draft Leicester and Leicestershire Rail Strategy, to seek approval for the adoption of the Strategy and to provide an update on HS2 following the recent Government announcement on the revised route of the eastern leg (Phase 2b).

Recommendation

2. It is recommended that:

    a) The results of the consultation on the draft Leicester and Leicestershire Rail Strategy be noted;

    b) The Leicester and Leicestershire Rail Strategy attached as Appendix B to this report be approved;

    c) That the Cabinet confirm its support in principle for a HS2 route through the County to Toton, subject to the caveats set out in Paragraph 36 of this report;

    d) The Director of Environment and Transport, following consultation with the Lead Member, prepare and submit more detailed comments on the revised route to HS2 Ltd in response to the consultation on Phase 2b.

Reason for Recommendations

3. Adoption of the Rail Strategy will provide the Authority and its partners with an evidence-based document with which to engage and seek to influence the rail industry, including HS2 Ltd.

4. Confirmation of the Authority's position on the revised routing of the eastern leg of HS2 will enable officers to respond to consultations within the specified time period.

Timetable for Decisions (including Scrutiny)

5. The draft Strategy was considered by the Environment and Transport Overview and Scrutiny Committee on 9th June 2016 as part of the consultation process. Its

comments are detailed below.

6. On 19 January 2017, the Overview and Scrutiny Committee also received an update on HS2 following the Government's publication of the revised route of the eastern leg (Phase 2b). The Committee agreed that the Council's approach in responding to the revised proposals be supported.

7. The deadline for responding to the consultation on the revised eastern leg of HS2 is 9th March 2017.

Policy Framework and Previous Decisions

8. On 20 February 2013, the County Council resolved to express its concerns about the direct impact of the initial preferred line of the HS2 route on the proposed Strategic Rail Freight Interchange adjacent to East Midlands Airport. These concerns were subsequently overcome by a proposed redesign and extension of a tunnel shown underneath the airport.

9. In November 2013, the Environment and Transport Overview and Scrutiny Committee considered a draft response to the Government's HS2 Phase 2 route consultation. The Committee raised significant concerns about the proposals, which were subsequently reported to the Cabinet in January 2014.

10. The Cabinet considered the County Council's formal response to the Government's HS2 Phase 2 route consultation in January 2014. The response:

    - expressed an in principle position that an HS2 Station at Derby (as opposed to Toton) would be preferable, requiring the re-routeing of the line of HS2 away from Leicestershire as a consequence; and

    - included a significant number of detailed comments, including comments relating to the potential effect on local communities and the environment of the route through North West Leicestershire.

11. On 1 March 2016 the Cabinet considered the outcome of joint work undertaken by the County Council, Leicester City Council and the Leicester and Leicestershire Enterprise Partnership (LLEP) to develop a draft Rail Strategy for Leicester and Leicestershire (including HS2), and approved an engagement exercise on the draft Strategy. The Cabinet also resolved to:

    a) Revise the Authority's position on HS2 running through the County to one of support in principle, subject to certain caveats;

    b) That an engagement exercise take place on the draft Strategy, to include rail industry bodies, business groups, and adjoining authorities, and;

    c) That it be noted that following on from the engagement exercise a final version of the Strategy will be submitted to the Cabinet for approval prior to its adoption by the County Council as a formal Policy Document;

12. On 17 June 2016 the Cabinet considered a report on the outcome of the latest study work on the Leicester to Burton railway line, which was jointly commissioned by the County Council and North West Leicestershire District Council. The Cabinet resolved that the County Council would undertake no further work on this matter at this time.

Resource Implications

13. Work to develop the Strategy has so far cost around £50,000, which has been split equally between the County Council (from within existing budgets), Leicester City Council and the LLEP.

14. Going forward the majority of actions required to implement the Strategy will involve the County and City Councils to act in a facilitating and lobbying role, rather than as direct funder or promoter of schemes. Officers will, however, be continuing to make use of specialist rail consultancy support, currently provided by SLC Rail, to ensure that any lobbying undertaken is as effective as possible; this support too is being jointly funded by the County Council, Leicester City Council and the LLEP.

15. It is likely that there will be significant resource implications for the County Council as a result of HS2. These costs will include producing a detailed response to the revised HS2 route consultation, providing input to future work to develop the proposals in more detail, including input into the Parliamentary process and dealing with the associated highway infrastructure changes and construction implications. HS2 Ltd. has provided a draft Memorandum of Understanding which will reimburse certain aspects of the County Council's officer time spent. However, this does not include responding to the consultation or technical approvals, although fees charged for the latter cover the County Council's costs. Officers will continue to discuss with HS2 Ltd. the recovery of as much of its associated costs as possible, including those arising from the use of SLC Rail as specialist support.

16. The Director of Corporate Resources and the Director of Law and Governance have been consulted on the contents of this report.

Circulation under the Local Issues Alert Procedure

17. This report has been circulated to all members of the Council via the Members' News in Brief service.

Officers to Contact

Phil Crossland - Director
Environment and Transport
Tel: (0116) 305 7000
Email: phil.crossland@leics.gov.uk

Ann Carruthers – Assistant Director
Environment and Transport
Tel: (0116) 305 7966
Email: ann.carruthers@leics.gov.uk

PART B

Rail Strategy

Background

18. Work to develop the Rail Strategy has been undertaken by specialist consultants SLC Rail which has extensive experience of developing and operating rail schemes and services.

19. By having an adopted Rail Strategy authorities in Leicester and Leicestershire will be best placed to:

    a) seek to secure future investments in the area's rail network and services;

    b) maximise rail's ability to support economic and housing growth;

    c) engage with, and influence, the classic rail industry at this pivotal moment in planning the services that are needed over the next 30 years and the infrastructure required to support them; and

    d) strengthen the Authorities' position in engaging in the planning for HS2 Phase 2b.

20. The draft Strategy identifies 4 key priorities:

    i Maximising the benefits from increased investment in the Midland Main Line railway infrastructure and services;

    ii Ensuring that the interests of residents and businesses in Leicester and Leicestershire are reflected in the planning and implementation of the eastern leg of HS2;

    iii Seeking the necessary investment commitments to improve direct fast rail connectivity to key regional and national destinations, including to Coventry and Birmingham; and

    iv Ensuring that rail access is a consideration in the planning of new developments.

The consultation and consequential amendments made to the draft Strategy

21. The consultation took place between 20 April and 30 September 2016. This was supported by SLC Rail and included workshops and presentations with key stakeholders, including the LLEP, business groups, Leicester and Leicestershire Transport Advisors Group, the Department for Transport (DfT), the rail industry and neighbouring authorities. The draft Strategy was also available for wider public comment on the County Council's website.

22. A total of seventeen responses were received to the consultation and a summary of the comments made and officer responses is set out in Appendix A.

23. Key areas of support included protecting the status of Midland Main Line (MML)

following the implementation of HS2, securing line speed improvement on MML and improving regional links with Coventry and Birmingham.

24. Key areas people wished the Strategy to cover in more detail included greater reference to the importance of sustainable travel (which has been addressed in the final version of the Strategy by including it as an additional priority); concerns that rail services serving Rutland should not be adversely compromised by the Strategy (changes have been made to the text to reflect this); and the reopening of the Leicester to Burton Line to passenger traffic (see paragraphs 27 and 28 of this report).

25. On 9 June 2016 the Environment and Transport Overview and Scrutiny Committee considered the draft Strategy. It raised concerns about potential capacity constraints at London St Pancras Station fettering delivery of the Strategy's priorities. The draft Strategy has been amended to respond to this concern. However, advice from SLC Rail is that this should not have a direct bearing on the ability to deliver the priorities set out in the Strategy because:

- the MML priority relates to journey time improvements (as opposed to the provision of additional train capacity); and
- the remaining priorities should not impose any additional platform capacity requirements at St. Pancras (for example, because train services will be routeing to the Thames Valley via the proposed East-West Line at Bedford). (Section 6.4.6 of the draft Strategy has been modified to reflect this).

26. The Scrutiny Committee also emphasised the need for greater reference to be made to services to local stations, including South Wigston and Hinckley, and also for a greater focus on the future of West Coast Main Line (WCML) services post HS2, especially considering its importance for residents of south-west Leicestershire. In response, the draft Strategy has been amplified to include reference to investment in a 'dive-under' at Nuneaton to facilitate direct Leicester to Coventry services. Changes have also been made to the Strategy's third priority to include references to Narborough, South Wigston and Hinckley Station, and access to WCML and HS2 Phase 1 and the western leg, along with additions to the Strategy's text.

27. With regard to the Leicester to Burton Line, the strength of feeling about reopening the line to passenger traffic, expressed both by Scrutiny members and in consultation responses, is recognised. However, no new evidence has been presented to change the conclusions set out in the report to the Cabinet on 17 June 2016, namely that:

- It would represent poor value for money;
- The capital and revenue costs are of a scale such that they could not be afforded by the County Council or a combination of local authorities;
- There is no prospect of developing a strong business case to secure funding from central government;
- There is no realistic prospect of Network Rail or HS2 Ltd. funding the capital costs, nor of the future operating costs being absorbed into a future rail franchise;
- The County Council will undertake no further investigatory work on the proposal

at this time.

28. Should freight-based improvements to the line take place at some point in the future there may be a more feasible case for the reintroduction of passenger services. For example, it might prove necessary to upgrade the line to aid the supply of materials required to construct HS2, or it might be a future option for funders to upgrade the line to European freight standards. Were this to be the case, it might be possible to seek to incorporate the operation of passenger services into a future rail franchise. However, it is important to emphasise that there are no such proposals at this time.

29. Having considered the comments received during the consultations, including the matters outlined above, the final draft of the Leicester and Leicestershire Rail Strategy is attached as Appendix B to this report.

30. A number of responses mentioned, as an alternative, the introduction of trams on the Leicester to Burton line; similar comments were also made in respect of the Great Central Railway. However, the introduction of trams would not necessarily be a cheaper option given that tram systems usually link into and run through (on-street) the centre of cities, as in Nottingham, rather than solely utilising existing rail infrastructure. In many cases such a system is simply not feasible in an existing urban area, and where it may be feasible to implement, will need significant planning and investment. In reality, such a proposal would need to form part of a wider transport strategy alongside consideration of such measures as workplace charging, congestion charging or a Mayoral Devolution Deal as potential means of funding.

<u>HS2 Eastern leg revised route announcement</u> (Phase 2b)

31. The Phase 2b Route Announcement was made on Tuesday 15 November 2016. The Route Announcement safeguards the line of route and station locations for planning purposes and has put in place a statutory compensation regime for any properties directly affected. As outlined below, revisions have been made to the proposed route through the County (and elsewhere along Phase 2b).

Revised route through Leicestershire

32. The plan - Figure HS2 (1) – attached as Appendix C, shows the original (and now superseded) 2013 route in black. The 2016 published safeguarded HS2 route is also shown on the plan. It is important to note HS2 Ltd. is only consulting on the revised alignment (shown yellow on the plan) and not the purple 'confirmed' route. It is also important to note that, unlike the originally published proposals, the entire route (i.e. yellow and purple sections) is now safeguarded in planning terms; HS2 will need to be consulted by local planning authorities on any planning applications within the safeguarding zones shown on the 'HS2 safeguarding maps' available on the HS2 website. The safeguarding directions also trigger 'Statutory Blight'. This means that property owners within the safeguarded area may be eligible to serve a blight notice asking the Secretary of State to buy their property prior to it being needed for construction.

33. In overview, there will be significant new impacts, both positive and negative, resulting from the revised route. In terms of positive impacts, the proposed revised route:

- Affects fewer Leicestershire properties overall than the original proposed route, as summarised in Table 1 below.

Previously Published Route		**Newly Published Route**		**Difference**	
Buffer	**No of Properties**	**Buffer**	**No. of Properties**	**Buffer**	**No. of Properties**
50m	65	50m	51	50m	-14
120m	185	120m	94	120m	-91
300m	946	300m	836	300m	-110

Table 1- Comparison of affected properties

- Has a marginal impact on increasing overall journey times between Toton and London (less than 1 minute). It is important to note that the economic benefit of HS2 to Leicester and Leicestershire is predominantly derived from increased and faster northern connectivity which is not affected by the increased journey time between Toton and London.

- Runs to the south-east of Measham, avoiding a proposed housing development and removing the need to divert a signficant length of the A42.

- Avoids any impact on Plastic Omnium Automotive Ltd.

- No longer runs in close proximity to Tonge and Breedon on the Hill.

- Avoids the cost and potential engineering challenges of building a tunnel under East Midland Airport (EMA) and also avoids impacting on the site of the East Midlands Gateway Strategic Rail Freight Interchange.

- Avoids the demolition of the Hilton East Midlands Airport Hotel

34. In terms of negatives, the revised route:

- Significantly impacts on the Ashby Canal restoration to the east of Measham. In its present form, this would make the restoration at the route into Measham more expensive and make it unattractive to canal users and potential investors. However, officers are already working with HS2 Ltd. to seek a resolution to this matter.

- Will have a greater noise impact on residents (see a letter from Mr Hines, attached as appendix F, for more details).

- Results in job losses at two farm-based businesses in Appleby Magna (See a letter from Mr Sheahan CC and Ms Worman CC, attached as appendix E, for more details).

- Will require some additional cut-and-cover tunnel to accommodate the Kegworth Bypass (to be delivered as part of the East Midlands Gateway Strategic Rail Freight Interchange Site).

- Impacts on properties on the north side of Kegworth, and passes through land that has been identified for housing development on the west side of the village.

- Impacts on new properties on Nursery Fields Development south of Measham.

- Runs within 200m of Sir John Moore School in Appleby Magna, a Grade 1 listed building. There are concerns relating to the operational viability of the school during the construction of the elevated embankment, as well as the noise levels for students when the line is completed (see a letter from Prof. Fred Stewart, attached as Appendix D, for more details).

35. Despite the negative impacts, on balance it is recommended that the Authority should continue its support in principle for a HS2 route through the County to Toton. In respect of its specific routing, this will be a matter for the Government to decide, informed by the outcome of the latest consultations on the revised route, (it is important to emphasise at this point, that the consultations are solely in respect of the revision to the HS2 route). The County Council will be submitting its comments in accordance with the consultation timetable.

36. This support in principle should be contingent on similar caveats to those expressed in the March 2016 Cabinet report, i.e.:

- That the adverse impacts of the HS2 route through Leicestershire previously highlighted and those that will be highlighted in our detailed response to the current consultation are minimised;

- That the HS2 proposals provide the necessary rail connectivity and track/station capacity to allow for the operation of direct, 'classic compatible' rail services from Leicestershire stations, via Toton to/from destinations in Northern England;

- The prompt delivery of improvements to the Midland Main Line (MML) railway to achieve sub-60 minute journey time to London, including:
  - to improve line-speed (including track straightening at Market Harborough);
  - to improve line capacity; and
  - to complete electrification through Leicestershire at the earliest possible opportunity;

- That there is no diminution of rail services to London on the MML post opening of HS2, in terms of journey time, frequency of services and general standard of rolling stock.

37. It is also recognised that whilst the revised route has less of a negative benefit overall on properties along the route, other residents, notably in Kegworth, south of Measham and Appleby Magna will now be exposed to the impact of HS2.

38. Officers will continue to compile more detailed comments on the revised route, including reflecting the effects on our communities and infrastructure, and will ensure that they are submitted in accordance with the consultation timetable.

Equality and Human Rights Implications

39. The proposals contained in the Rail Strategy are aimed at facilitating strategic growth to meet the social and economic needs of the residents of Leicester and

Leicestershire.

40. No detailed assessment has been done at this early stage, but as and when any rail schemes are taken forward the County Council will seek to work with rail industry bodies and HS2 Ltd. (and any other relevant bodies) to ensure that any necessary Equality and Human Rights Impact Assessment are completed.

Environmental Impact

41. None arising from this report. As and when any rail schemes are taken forward the County Council will seek to work with Network Rail, HS2 Ltd. (and any other relevant bodies) to ensure that any necessary Environmental Impact Assessments are completed.

Background Papers

Environment and Transport Overview and Scrutiny Committee – 28th November 2013 – HS2 Consultation: Proposed Response on Implications for Leicestershire
http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1044&MId=3889&Ver=4

Cabinet – 15th January 2014 – High Speed Rail (HS2) Phase 2 West Midlands to Leeds HS2: Proposed Response on Implications for Leicestershire
http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=3986&Ver=4

Cabinet – 1st March 2016 – Development of a rail strategy for Leicester and Leicestershire:
http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4600&Ver=4

Environment and Transport Overview and Scrutiny Committee – 9th June 2016 – Draft Rail Strategy for Leicester and Leicestershire:
http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1044&MId=4482&Ver=4

Cabinet – 17th June 2016 – Leicester to Burton railway line
http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4603&Ver=4

Appendices

Appendix A	-	Consultation Summary
Appendix B	-	Leicester and Leicestershire Rail Strategy
Appendix C	-	HS2 Revised Route
Appendix D	-	Submission from Prof. Fred Stewart
Appendix E	-	Submission from Mr. Sheahan CC and Ms. Worman CC
Appendix F	-	Submission from Mr. Hines

This page is intentionally left blank

Leicestershire County Council

CABINET – 10 FEBRUARY 2017

COMMUNITY SPEED ENFORCEMENT

REPORT OF THE DIRECTOR OF ENVIRONMENT AND TRANSPORT

PART A

Purpose of the Report

1. The purpose of this report is to seek the Cabinet's approval for a campaign to lobby National Government to change the national safety camera policy to allow Leicestershire Communities to benefit from more effective speed management than is possible under current government policy and resource levels.

Recommendation

2. It is recommended that:

   (a) The Council campaigns for change to the national policy on safety cameras, notably, as set out in this report, for new siting criteria and funding arrangements;

   (b) The lobbying leaflet attached to this report regarding the need for a national policy change on safety cameras be approved for circulation.

Reason for Recommendations

3. The recommendations are made in order to enable the County Council to make the case to the Government for a change in speed camera policy, to improve quality of life for communities and address concerns about speeding vehicles and to improve the health and wellbeing of Leicestershire's residents by reducing road deaths and injuries, reducing the fear of road danger, and encouraging more walking and cycling.

Timetable for Decisions (including Scrutiny)

4. Subject to the Cabinet's approval, the leaflet will be published in February 2017.

Policy Framework and Previous Decisions

5. In producing this campaign consideration was given to:

   a. 'Road Casualty Reduction in Leicestershire and Future Approach to Casualty Reduction' report, which was considered by the Environment and Transport Overview and Scrutiny Committee on 12 September 2016; and

   b. The Government's policy for safety cameras (*Department for Transport, Handbook of Rules and Guidance for the National Safety Camera Programme for England and Wales for 2006/07*).

Resource Implications

6. The leaflet is predominantly intended to be a digital publication. However, it is intended that a small number of printed documents will also be produced.

7. The cost of printing the leaflets would be approximately £100, which would be met from the existing Environment and Transport Department budget.

8. Should changes to national policy on safety cameras be made in the future this would enable money from fines to be diverted back to local communities to fund safety cameras. Once a cameras installation and running costs are paid for, then any surplus fine income would revert to central government (see paragraphs 27-31 below).

9. The Director of Corporate Resources and the Director of Law and Governance have been consulted on this report.

Circulation under the Local Issues Alert Procedure

None.

Officers to contact

Ann Carruthers
Assistant Director, Highways and Transportation
Tel: (0116) 305 7966
Email: ann.carruthers@leics.gov.uk

Ian Vears
Head of Service, Highways and Transport Commissioning Service
Tel (0116) 305 7215
E-mail: ian.vears@leics.gov.uk

PART B

Background

10. Safety cameras have a significant role to play in both the Government's plans for road safety and local goals for safer and healthier communities. Cameras make roads safer, contributing to casualty reduction.

11. Research from the Department for Transport (DfT) THINK! team highlights that the risk of death is approximately four times higher when a pedestrian is hit at 40mph, rather than at 30mph. In Leicestershire speed surveys at 104 sites of community concern show that 18% of motorists are exceeding the speed limit by more than 5mph and 8% by 10mph.

12. NICE (National Institute for Heath and Care Excellence) guidance explains that slower vehicle speeds also help to encourage walking and cycling, which ultimately affects public health. When the new government strategy to encourage walking and cycling was launched in March 2016, Transport Minister Robert Goodwill said: *"We are determined to make this country a cycling and walking nation, comparable to the very best in the world."*

<u>Community Concerns</u>

13. Speeding is regularly raised as a concern by communities across Leicestershire. In the past three years over 500 speed-related complaints were received through the County Council's Environment and Transport Department. The Leicestershire Police's quarterly 'Community Based Survey' also regularly receives comments regarding speeding motorists.

14. In the past traditional traffic calming measures such as speed cushions, road humps, chicanes and significant signing and lining were introduced to address speeding issues. Although extremely useful, these types of measures are now considered an outdated solution to speed management, often not in keeping with the local environment.

15. Community Speed Watch is a locally driven initiative where members of the community, supported by the Police, monitor speeds of vehicles using speed detection devices. Vehicles exceeding the speed limit are referred to the Police with the aim of educating drivers to reduce their speed. This continues to be a popular initiative to address concerns. In 2015, there were 39 such schemes including 5 in Rutland and the details of 6,000 speeding vehicles were passed through to the Police, who wrote to the registered keeper of most vehicles reminding them of the dangers associated with speed. This scheme also incorporates the ongoing use of mobile vehicle activated signs and 32 are now being deployed within 41 communities across Leicestershire (some communities share signs). The community speed watch website www.bealocalhero.com has further details of this scheme.

<u>Safety Camera Scheme in Leicestershire</u>

16. The County Council supports the use of all types of safety cameras and community speed enforcement.

17. Throughout 2015, the Safety Camera Scheme identified 46,093 drivers travelling at excessive speeds and/or running red traffic signals across the police force area (Leicester, Leicestershire and Rutland). Many drivers (26,890) caught speeding or committing other offences attended driver education workshops held locally at Thurmaston, County Hall, and Beaumanor Hall.

18. The Leicestershire Safety Camera Scheme is directly managed by Leicestershire Police. It forms an integral part of the Leicester, Leicestershire and Rutland Road Safety Partnership (RSP). The overall objective of the RSP is to reduce the numbers of people killed and injured on the highway network within the Partnership area, through collaborative working.

19. There are currently 133 mobile camera sites across the police force area (these are sites that have been identified as suitable locations for mobile camera van enforcement). Two mobile camera vans operate in the County, covering 67 sites. Further information on the scheme can be found on the www.speedorsafety.com website.

<u>Current Government Policy</u>

20. The national guidance "*DfT, Handbook of Rules and Guidance for the National Safety Camera Programme for England and Wales for 2006/07"* sets out requirements for core camera sites. It:

   a. does not allow the use of speed cameras to enforce speed limits for pure enforcement reasons;
   b. does allow the use of cameras as safety cameras (where there are personal injury accidents).

21. The guidance states that fixed camera sites (which this report focusses on) should only be established where:

   a. there have been at least 3 accidents where someone was killed or seriously injured (KSI) in the last 3 years; and

   b. there is a total of 22 collision points per km for a built up area or 18 collision points per km for a non-built up area (a KSI collision is worth 5 points and a slight injury collision worth 1 point); and

   c. 15% of vehicles at the site must be exceeding enforcement speed threshold of 10% + 2mph in "free flowing" traffic on 30 and 40mph roads and 15% exceeding the speed limit plus 5mph on 50+mph roads.

22. Since April 2006 the RSP has worked to these guidelines. In November 2015 a DfT ministerial letter reminded local authorities of the importance of fundamentally adhering to guidelines.

<u>The need for change</u>

23. There is an expectation from local communities that the County Council and Leicestershire Police will respond to concerns about speeding and take action to reduce traffic speeds.

24. Speed cameras are regularly requested by communities concerned about speeding drivers, but the Council is often unable to install these as the casualty rates do not meet the Government guidelines above and, as such, cameras could not be justified on casualty reduction grounds. As outlined above, Government guidance does not allow cameras to enforce speed limits for pure enforcement reasons. Physical traffic calming measures are often unpopular and expensive. It is considered that changes to the national policy on safety cameras would offer significant benefits for local communities.

25. It is becoming increasingly difficult to defend the current Government policy to local communities as there is clearly a technological solution to speed management which could be funded through the retention of fine revenue based on the “offender pays” principle. The County Council is therefore seeking a change to national policy on fixed speed camera site criteria and funding, to allow speeds to be enforced through a wider use of cameras and to enable communities to use technology to enforce speed limits.

<u>Proposed national policy change 1 - Camera site criteria</u>

26. It is considered that the criteria for selecting camera sites needs to change to allow more flexibility to address community needs and concerns. It should be possible for safety cameras to be installed at sites identified by local communities which meet two basic criteria:

a) An existing speeding problem; and
b) Local support for the installation of a camera.

<u>Proposed national policy change 2 - Funding</u>

27. The Council considers that national policy should change to allow fixed site speed cameras to be funded through fine revenue from offenders.

28. From the late 1990s until 2006/07 the Government allowed the ‘netting off’ of fine revenues from safety cameras (i.e. the installation and operating costs were recouped from fine revenues). However, from 2007/08 the direct funding of Safety Camera partnerships and the installation of cameras from fine revenue ended and the Government instead provided a total of £110 million in additional funding per year to local authorities for all forms of road safety improvement, known as the road safety capital grant.

29. In June 2010 the Government announced its intention to abolish the road safety capital grant from 2011/12. It also announced cuts to in-year local authority transport grants including the road safety grant.

30. Fine revenue is currently passed to the Government and not hypothecated back to either councils of safety camera partnerships for installing safety cameras, or to communities which are experiencing problems with speeding vehicles. Fines cannot currently be used to fund the installation of any type of speed camera, which can typically cost approximately £50,000 per unit.

31. The Council would like to see a change to national policy to enable money from speeding fines to be diverted to local communities to fund cameras. It is suggested that once a cameras installation and operating costs are paid for any excess fine income would revert to the Government.

Average speed cameras

32. It is considered that these policy changes would bring a significant benefit to communities. The ability to install speed cameras more freely would help to reduce road deaths and injuries and improve the quality of life for residents.

33. Currently both fixed and mobile cameras are used in Leicestershire. However, newer technology includes ‘average (fixed) speed cameras’, which calculate the average speed of a vehicle travelling through an area/community. It is considered that this technology could ideally replace the more traditional traffic calming techniques that have been previously been used to manage speeds.

34. Average speed cameras may provide greater speed compliance than traditional traffic calming, as well as offering a more visually sympathetic approach within communities.

Proposed way forward

35. In view of the ongoing requests for action from Leicestershire residents and elected members it is proposed that the Council lobby Government for a change in policy as described in paragraphs 26 - 31. The lobbying leaflet attached as to this report has been prepared as a start to a campaign to engage with the Government. The leaflet will be copied to MP’s, partner organisations and other authorities to invite them to support the Council’s campaign to achieve this change.

Relevant Impact Assessments

Equality and Human Rights Implications

36. There are no Equality and Human Rights Implications directly arising from this report. The proposed policy changes would bring a significant benefit to communities with speeding concerns. The ability to install speed cameras more freely will reduce road deaths and injuries and improve the quality of life for the communities served by the County Council.

37. No detailed equality assessment has been undertaken on the proposed changes to community speed enforcement. Equality and Human Rights Impact Assessments (EHRIA) will be undertaken, as appropriate, during the review of any appropriate departmental strategies, prior to final decisions being made.

38. This will ensure that any new, proposed or significantly changed policies, practices, procedures, functions or services are assessed for equality and human rights implications.

Crime and Disorder Implications

39. The Authority continues to recognise the importance of seeking to address crime and fear of crime, including from speeding vehicles. It emphasises the importance of implementing policies and measures to ensure that it provides safe, high quality environments.

Environmental Implications

40. No detailed environmental assessment has been undertaken on the proposed changes to community speed enforcement. However, the County Council will assess the environmental implications of relevant new policies and schemes at appropriate points during their development.

Partnership Working and Associated Issues

41. The Safety Camera Scheme is directly managed by Leicestershire Police. It forms an integral part of the Leicester, Leicestershire and Rutland Road Safety Partnership (RSP). The RSP brings together the following organisations:

- Leicestershire County Council
- Leicester City Council
- Rutland Council
- Leicestershire Police
- Leicestershire Fire and Rescue Service
- Highways England
- Leicestershire Magistrates' Courts
- Public Health.

42. The overall objective of the RSP is to reduce the numbers of people killed and injured on the highway network within the Partnership area through collaborative working. The RSP seeks to achieve this through the provision of camera enforcement and evidenced based programmes of road safety education, training and promotion.

43. Whilst the Safety Camera Scheme is directly managed by Leicestershire Police, there is a memorandum of understanding between the main partners along with a service level agreement and budget plan.

Risk Assessment

44. The proposed changes to community speed enforcement have not been risk assessed. However, the County Council will assess the risks of relevant new policies and schemes at appropriate points during their development.

Background Papers

Environment and Transport Overview and Scrutiny Committee - 12 September 2016 – 'Road Casualty Reduction in Leicestershire and Future Approach to Casualty Reduction'
http://politics.leics.gov.uk/ieListDocuments.aspx?CId=1044&MId=4781&Ver=4

Appendix

Draft Community Speed Enforcement leaflet.

This page is intentionally left blank

Leicestershire County Council

CABINET - 10 FEBRUARY 2017

PLANNING APPLICATIONS IN MELTON BOROUGH VILLAGES

JOINT REPORT OF THE CHIEF EXECUTIVE AND THE DIRECTOR FOR CHILDREN AND FAMILY SERVICES

PART A

Purpose of the Report

1. The purpose of this report is to highlight the current position and the challenges faced by the County Council arising from a number of planning applications for housing developments in villages within Melton Borough, in particular in relation to Long Clawson, Somerby and Waltham on the Wolds, and the need to ensure that the local planning authority understands the County Council's position when making its decision on these applications.

Recommendation

2. It is recommended that:

   (a) The concerns of the County Council regarding the applications for housing developments in villages within Melton Borough be drawn to the attention of the Borough Council;

   (b) That in responding as a consultee-on planning applications for housing development the County Council will emphasise the need for the local planning authority to ensure that any development permitted is sustainable;

   (c) That Melton Borough Council be requested to put appropriate mechanisms in place to ensure that the necessary support, through s106 developer contributions, are secured from individual developers to ensure that the infrastructure needs arising from the developments can be fully provided in a timely manner.

Reasons for Recommendation

3. There is a risk that a number of development proposals in Melton villages may receive planning consent in advance of the Melton Borough Local Plan being adopted. This would put pressure on, and risk compromising, existing infrastructure in those areas, particularly schools. This in turn may put a significant financial burden on the County Council and run the risk that important infrastructure needed to support such developments is not provided, resulting in them being unsustainable.

4. It is important that the County Council does what it can to meet the demands on its services in increasingly difficult financial circumstances and local planning authorities should do all they can do to ensure developments are sustainable and meet the reasonable obligations requested of them.

5. Ensuring that developers make appropriate contributions to mitigate the consequences of their developments via s106 is essential if communities are not disadvantaged and the County Council is not put under excessive financial demands which it will not be able to meet.

Timetable for Decisions (including Scrutiny)

6. Outstanding responses to certain planning applications are now overdue. The local planning authority, Melton Borough Council, needs to determine those applications at the earliest opportunity and there is therefore some urgency in conveying the County Council’s consultation responses to Melton Borough Council with regard to the need for education and highways provision.

Policy Framework and Previous Decisions

7. The County Council is a consultee under the Town and Country Planning Acts (both statutory and non statutory) on planning applications and development plans.

Resource Implications

8. There are no resource implications arising directly from this report. Considering the implications to and responding to planning consultations is contained within the operational budgets of individual service departments.

Circulation under the Local Issues Alert Procedure

9. A copy of this report has been circulated to the local members representing electoral divisions in Melton: Mr J. T. Orson CC, Mr A. M. Pearson CC, Mrs P. Posnett CC, and Mr. J. B. Rhodes CC.

Officers to contact

Lonek Wojtulewicz
Head of Planning, Chief Executives Department
Email lonek.wojtulewicz@leics.gov.uk
Tel 0116 305 7040

David Atterbury
Head of Strategy - Education Sufficiency, Children and Family Services
Email david.atterbury@leics.gov.uk
Tel 0116 305 7729

PART B

Background

10. The Melton Local Plan is expected to be submitted to the Secretary of State for examination later in February 2017. The Cabinet agreed the County Council's response to the Melton Local Plan consultation at its meeting on 13 December 2016.

11. The Melton Local Plan sets out an expectation for housing growth in many of the rural settlements in the area. In many of these areas the primary schools are small and occupy very constrained sites, having limited potential for expansion. Matters are made more complex as certain schools are located within designated conservation areas. Where school expansion may be feasible then the costs of doing so are expected to be high and may well be challenging in terms of obtaining the necessary developer (s106) contributions. However, there is an expectation, based on the draft policies in the Melton Local Plan that proposed developments should be sustainable and that identified infrastructure needs will have to be met before development can proceed. In other words, developers would be expected to fully fund required provision arising from their developments, including the implications for the costs of associated school transport if necessary.

12. Recent planning applications for housing developments in the villages of Long Clawson, Somerby and Waltham on the Wolds, in each case now exceed the site and housing allocations in the Melton Local Plan. This serves to highlight the current position and challenges posed to County Council services. Whilst the primary focus of this report is around the potential effect on school provision in the area, it also highlights difficulties for the County Council as the Highway Authority and a statutory consultee, and as a provider of other services.

Current position in villages

13. The schedule attached to this report highlights the position (as at 30th January 2017) of a number of pending planning applications that have been submitted in the three villages of Melton Borough (Long Clawson, Somerby and Waltham on the Wolds) that, if approved, would exceed the draft Melton Local Plan allocations for housing development in those areas.

<u>Long Clawson</u>

14. There are currently five live (i.e. undetermined) planning applications at Long Clawson, and one approved application totalling 203 proposed houses. The proposed allocations in the draft Melton Local Plan is for 127 houses, which it is forecast would give rise to the need for 31 primary school places. A single storey solution has been designed for the school that would allow it to provide the additional places to meet the Local Plan requirement and the cost for this is expected to be approximately £1,085,000.

15. If all the planning applications in this area were to be approved, it would be extremely difficult to expand the school further to respond to the resultant increase in demand for school places, and to do so could compromise the effective delivery of education on the existing site. The alternative would be to transport school children to other schools with capacity which would put an unacceptable burden on the County Council in terms of additional transport costs. In these circumstances it would not be unreasonable for the developer to cover these additional costs.

Somerby

16. The draft Melton Local Plan provides for 49 houses in Somerby, two applications are currently under consideration by the Borough Council which would provide a total of 60 homes. The approximate cost to extend the local school to meet the requirements for those 60 homes is likely to be in the region of £395,000.

Waltham on the Wolds

17. The draft Melton Local Plan details an adjusted allocation of 91 homes for the village. However existing and proposed planning applications total some 329 dwellings. It would be possible to expand the primary school to meet the draft Local Plan requirements for 91 homes, but it would be much more challenging if all the additional homes were approved given that the site is relatively small and occupies sloping ground.

18. Some applications are still being assessed by the County Council as Highway Authority, but given the piecemeal submission of planning applications the County Council would want to see that the local planning authority adequately addresses the cumulative impact of a potential 396 houses (which includes 67 approved within the last 7 months) within Waltham on the Wolds.

The County Council's response to the draft Melton Local Plan

19. The County Council's response to the Melton Local Plan (Pre Submission Draft) was agreed by the Cabinet on 13 December 2016. In relation to education matters the report stated that although the proposals set out in the draft Plan were welcomed in the sense that they defined the expected housing growth strategy within the Borough for the next 20 years, it (the draft Plan) was insufficiently detailed for school place planning purposes.

20. In terms of primary school provision, concern was expressed regarding the 'sequence of housing growth'. This is of particular importance in the defined Service Centres and Rural Hubs (as defined in the Melton Local Plan), where a number of individual housing proposals might contribute to the expansion of local primary schools, such as is the case for Long Clawson. If the delivery of these developments does not occur simultaneously then planning for the provision of additional school places could create significant capital funding risks for the County Council.

21. Concerns were also expressed regarding the adverse impact on secondary school provision in the Melton Mowbray urban area. The lack of clarity around the sequence and size of developments to the north and south of the town is a concern – more clarity here would help the County Council determine the most appropriate solution for the provision of places.

22. It was noted that in some locations there will be potential for phased development of additional provision to mitigate the financial risks, but this will not be the case for all schools.

Considerations/Conclusions

23. In terms of the various housing applications for the villages, discussions have been ongoing with Melton Borough planning officers. However, there remains significant uncertainty regarding when and if the various schemes might receive approval, and the timescales and build rates for the new homes. This in turn presents significant challenges in relation to the strategic planning and funding arrangements for new school places.

24. The schedule attached to this report evidence that the housing applications picture is now extremely complex. Applications have been received for sites identified in the draft Local Plan, for other areas designated as reserve sites in the Local Plan, and for some sites not so far identified or allocated. It is clear that in the absence of an adopted Local Plan that there will be continued pressure from developers for new housing proposals to be granted planning approval.

25. In the context of the above it is appropriate that the County Council continue to pursue s106 contributions for the full cost of adapting/expanding schools and where necessary school transport arrangements in order to mitigate exposing the County Council to significant financial risk.

Appendix

Appendix - Melton Planning Applications (as at 30 January 2017).

Background Papers

Report to the Cabinet on 13 December 2016
http://ow.ly/facv308yYKy

Report to the Cabinet on 17 June 2016 “Developer Contributions Towards County Council Services” and minutes of that meeting
http://ow.ly/7cbf308yYNv

Equality and Human Rights Implications

26. There are no equalities or human rights implications arising from the recommendations in this report.

This page is intentionally left blank

Agenda Item 10

Leicestershire County Council

CABINET - 10 FEBRUARY 2017

INTEGRATED COMMISSIONING OF MENTAL HEALTH RECOVERY AND RESILIENCE SERVICES – OUTCOME OF CONSULTATION

REPORT OF THE DIRECTOR OF ADULTS AND COMMUNITIES

PART A

Purpose of the Report

1. The purpose of this report is to advise the Cabinet of the results of the consultation exercise on the future of mental health services in Leicester, Leicestershire and Rutland (LLR) and to seek approval to proceed with partnership commissioning and procurement arrangements for preventative mental health recovery and resilience services with the East Leicestershire and Rutland, West Leicestershire and Leicester City Clinical Commissioning Groups (CCGs) and Leicester City and Rutland Councils.

Recommendations

2. It is recommended that:

   a) The outcome of the public consultation on the future of mental health services across LLR, as set out in Appendix A to this report, be noted.

   b) The Director of Adults and Communities be authorised to take action as necessary to implement the proposed joint procurement and commissioning of preventative mental health recovery and resilience services as set out in paragraphs 49-55 of this report.

Reasons for Recommendations

3. Joint procurement of a single model of service across LLR will offer a more consistent approach to people with mental health difficulties who need support in the community and to other stakeholders.

4. The future joint commissioning and procurement of services, through combining health and social care funding, will make the best use of available resources and enable all commissioning partners to achieve efficiency savings. It will also support the aim of co-ordinating care and integrating services around the person in order to improve outcomes and ensure high quality and sustainable service provision.

5. The new model will support outcome-based commissioning and delivery in line with the principles set out in the Adult Social Care Strategy. It will also achieve savings of

£116,000 per annum for Leicestershire from mid-2017 onwards, as part of the Medium Term Financial Strategy (MTFS) Public Health Early Help and Prevention Review – Adults and Communities departmental saving requirement (PH3).

6. The views of customers and stakeholders have informed both the development of the new model and the final revised proposals, thereby determining how this can best be achieved. The consultation indicated good support for the overarching model from both customers and stakeholders, and areas of concern have been addressed through revision of the delivery model.

Timetable for Decisions (including Scrutiny)

7. On 8 November 2016, the Adults and Communities Overview and Scrutiny Committee noted the draft proposals as part of the consultation process.

8. Subject to approval by the Cabinet, the process of procuring providers to deliver the new service model will begin as soon as practicable with a view to the new contracts being in place by June 2017. This will allow for a minimum three month transition period, ensuring that the new providers are ready to commence delivery from 1 October 2017. This timetable aims to support the smooth transfer of users to the new model or for a planned exit for users of current services.

Policy Framework and Previous Decisions

9. The relevant policy framework includes:

- The Care Act 2014;
- Leicestershire County Council MTFS 2016/17-2019/20;
- Adult Social Care Strategy ('Promoting Independence, Supporting Communities; Our vision and strategy for Adult Social Care 2016);
- The Five Year Forward View for Mental Health, NHS England;
- Better Care Together (BCT) Five Year Strategic Plan (2014);
- LLR Sustainability Transformation Plan (LLR STP) (2016).

10. The Care Act 2014 requires local authorities and health partners to work in partnership and integrate services where possible, in order to provide seamless support, avoid duplication and achieve best value for money. It states that local authorities must ensure the integration of care and support services with health provision where this will promote and support wellbeing, prevent or delay the development of need for care and support, or improve the quality of care and support.

11. The County Council's Adult Social Care Strategy 2016-2020 outlines the vision and strategic direction of social care support for the next four years. The life of the Strategy is matched to the life of the current MTFS in order to meet financial targets and implement the new approach to adult social care. A model has been developed which is a "stepped" approach, including the Department's aims to work to reduce or delay the need for formal social care through supporting people to stay well and independent.

12. Mental health is one of the priority areas for development identified in the Joint Strategic Needs Assessment (JSNA) 2015, to support the BCT aims of citizen participation and empowerment, prevention and early intervention, and integrated, proactive care for people with long term conditions.

13. The introduction of this model will also support the mental health aim outlined in the draft (November 2016) LLR STP, of developing awareness and support skills in the population, and developing recovery networks.

Resources Implications

14. The County Council's contribution to the future joint-funded service will be £195,000 per annum. This will achieve a saving of £116,000 per annum against current expenditure.

15. Final confirmation of the financial contribution from the East Leicestershire and Rutland CCG and the West Leicestershire CCG is still awaited. It is intended that this will be transferred to the County Council, as contract manager, by a Section 256 agreement between the Council and the two CCGs.

16. Total funding across the whole of Leicestershire is anticipated to be in excess of £500,000 per annum. This will be allocated to seven lots which will reflect each area's population, estimated levels of need, and indices of deprivation or other factors which affect service delivery, eg rurality.

17. The Director of Corporate Resources and the Director of Law and Governance have been consulted on the content of this report.

Circulation under the Local Issues Alert Procedure

18. This report is being circulated to all members of the Council via the Members' News in Brief service.

Officers to Contact

Jon Wilson
Director of Adults and Communities
Adult and Communities Department
Tel 0116 305 7454 Email; jon.wilson@leics.gov.uk

Sandy McMillan
Assistant Director (Strategy and Commissioning)
Adults and Communities Department
Tel: 0116 305 7752 Email: sandy.mcmillian@leics.gov.uk

PART B

Background

19. The proposed new model for mental health recovery services has been developed in partnership with colleagues from all three CCGs, Leicester City Council and Rutland Council following engagement with a range of stakeholders, including current service providers, through a series of workshops led by Leicester City CCG with independent facilitation from Implementing Recovery through the Organisational Change programme.

Clinical Commissioning Collaborative Review

20. In 2015 local CCGs (East Leicestershire and Rutland, West Leicestershire and Leicester City) undertook a review of mental health grant service contracts to voluntary and community sector organisations. Whilst positives were identified for a number of services, a number of concerns were also highlighted, in particular:

- A number of services provided low level support services;
- A high level of duplication, both between services reviewed and with other health and social care commissioned services;
- Limited links with statutory mental health services (recognising services' attempts to address this);
- Activity-based rather than outcome-focussed performance information.

21. The review concluded that future commissioning should seek greater alignment across health and social care to maximise the potential return on investment and to assure greater consistency of approach for all stakeholders.

22. In summer 2015, BCT workshops concluded that locality based resilience and recovery services offered the best opportunity to strengthen preventative approaches within wider mental health services, develop local recovery networks and minimise duplication across the sector.

23. A LLR joint Health and Social Care Commissioner Project Group was therefore established to develop and deliver the locality based resilience and recovery commissioning model from 2017.

Leicestershire - Current Service Provision and Review

24. The current County Council commissioned service is provided by Richmond Fellowship, which was awarded the contract through a competitive tender process in 2014. The service commenced on 1 October 2014 for an initial period of two years, with an option for the contract to be extended for a further one year.

25. The service currently provides the following:

- Mental Health Social Drop-in sessions: 48 per week in various locations around the County;
- In-reach Service: provided to individuals on an “as required” basis;

- Peer Support: dedicated work to support the development of peer support groups or networks in response to identified opportunities (eg a group of people with a shared interest).

26. In 2015/16 this service supported 491 people in total across the county through the social drop-in sessions and in-reach services.

27. A strategic review of current service provision by the County Council's Adults and Communities Department was completed in June 2016. This examined costs, future demand, effectiveness, throughput and strategic relevance. There is insufficient evidence to draw conclusions about current value for money. However, the review concluded that the current service model only partly matches future commissioning aspirations and would be unlikely to achieve the desired future outcomes. This review was also informed by a report from Healthwatch Leicestershire: "Lost in Translation"[1].

28. The current budget for this service is £342,000 per annum. This includes contributions of £14,000 from East Leicestershire and Rutland CCG, and £17,000 from West Leicestershire CCG as part of a Section 256 agreement.

<u>Demand for Services</u>

29. Mental illness is the single largest cause of disability in the UK and one in four adults is likely to have a mental health problem in any year[2]. Physical and mental health is closely linked – people with severe and prolonged mental illness die on average 15 to 20 years earlier than other people. However, only around a quarter of those with mental health conditions are in treatment which indicates potential for support to avoid crisis, or the need for long term interventions, as well as a possible reliance on community support.

30. The rate of Leicestershire people in contact with mental health services was 2,085 per 100,000 population during April–June 2013 (6,154 people). This rate is significantly lower than the England average (2,176 per 100,000 population), which suggests that mental health service contacts should be higher than they are[3].

31. The local predicted prevalence of mental health problems in Leicestershire is 58,607 people (aged 18 and over, including people over 65) by 2020.[4] The prevalence of depression in Leicestershire is higher than the England average. The majority of this cohort will live independently in the community, but may need to access support which can help them to maintain this and prevent the need for formal health or social care interventions.

32. Over the period 2015-2030, the number of working age adults (18–64 years) in Leicestershire with a mental health condition is not expected to change. However, in

---

[1] https://www.healthwatchleicestershire.co.uk/sites/www.healthwatchleicestershire.co.uk/files/Lost%20in%20Translation.pdf

[2] The Health & Social Care Information Centre, 2009, Adult psychiatric morbidity in England, Results of a household survey

[3] http://www.lsr-online.org/uploads/mental-health-report.pdf

[4] Data from pansi.org.uk and poppi.org.uk

older people (over 65 years) it is expected to increase significantly in line with the expected increase in the older population (increase of 39% by 2030)[5].

33. Depression is the most common mental health problem in older people. An estimated 10–16% of people over 65 have depression and 2–4% have severe depression.[6] The table below shows estimates of the numbers of older adults aged 65 years and over predicted to have certain mental health conditions.

POPPI data on mental health conditions in older adults aged 65 years and over, Leicestershire, 2014 and 2030

	2014	2020	2030	% change 2014-2020	% change 2014 - 2030
Older adults with depression	11214	12819	16048	14.3%	43.1%
Older adults with severe depression	3554	4069	5283	14.5%	48.6%

Outcomes of Engagement and Consultation

34. A series of engagement events and workshops informed the development of the proposals for the new model. This work identified support for strengthening locality based approaches, working closely with both primary and secondary care services, and for an outcomes commissioning model. This resulted in a model which has a focus on early intervention and recovery through identification of individual outcomes.

35. The outcome of the public consultation between October and December 2016 indicated good overall support for the proposed locality based resilience and recovery service model. There was also support for the service providing the proposed three elements, of information (information about mental health and sources of support, available to the whole community), advice and navigation (helping people to identify what they need, and how to access it), and community recovery support services (working towards recovery with individuals on a one to one or small group basis). A copy of the consultation summary report is attached at Appendix A.

36. It became apparent during the consultation and engagement process that the word ‘hub’ caused some confusion, as people understood this to mean that the service would operate from just one place within a locality, which is not the expectation. A further engagement exercise is therefore being undertaken with service users and carers to come up with a different name for the service.

37. People emphasised their need for services to be local to them, and there was concern about the geographical size of the four proposed localities within Leicestershire County. The proposals have therefore been revised to deliver seven localities within Leicestershire, based on district council footprints. The service model will remain as proposed, and be commissioned to provide the range of information, advice and navigation and community recovery support services.

[5] http://www.poppi.org.uk/index.php?pageNo=314&loc=&mapOff=1
[6] http://www.lsr-online.org/uploads/mental-health-report.pdf

38. The total available budget for Leicestershire will be allocated to each district area proportionately, taking account of mental health prevalence, deprivation levels and rurality factors.

39. Whilst the increase from the proposed four hubs to a total of seven in Leicestershire could result in, overall, proportionally increased provider management costs, it will support the delivery of a more local service in response to identified needs and the concerns communicated through the consultation. It is considered that the anticipated funding levels will be sufficient to attract market interest.

40. There was limited support for restricting the number of localities for which one provider could bid. The main feedback received was that people wanted the best service provider possible for the locality. It is therefore proposed that procurement will not restrict the number of locality contracts that can be awarded to any one provider.

41. Provision of services within community centres and voluntary sector buildings was most popular, followed by primary care (Health Centre/GP surgeries). There was less support for provision in council offices and libraries which were felt to be more suited to being a source of information and advice than for individual recovery support.

The Proposed New Service Model

42. The proposal is that the East Leicestershire and Rutland, West Leicestershire and Leicester City CCGs and the LLR local authorities will follow a joint procurement process to commission a set of locality based mental health resilience and recovery support services using a single model and service specification across all areas. This will offer the best approach to managing demand in a joined-up and cost effective way.

43. The services' overall aim will be to break down barriers so that individuals with a range of mental health needs are supported and assisted to live independently in the community and maintain their mental wellbeing and recovery, and to reduce or delay the need for any formal service intervention.

44. The proposed locality based resilience and recovery services will increase capacity and improve people's mental health resilience and recovery through accessible and co-ordinated support, co-produced with service users and the local community.

45. These services will help individuals with a range of mental health needs enabling them to stay well and live full lives. They will support a shift to improving health rather than responding to ill health, ie giving people the information to stay healthy, manage their condition and choose their treatments. The integration of care around the patient, peer support, asset based community development and technology based care will help implement the new model of care that supports personal choice and responsibility. The locality 'hubs' will help model a different approach to recovery and mental health than that of traditional mental health services.

46. Resilience and recovery locality services will be split into three distinct elements:

    i. Information and signposting for the community to support resilience, self-help and recovery;
    ii. Advice and navigation: support for people with multiple issues (and carers) to identify and understand their needs and to access the right services;
    iii. Supporting people to regain and sustain confidence to engage in everyday activities. This may be on a one-to-one basis or within small group settings.

47. Underpinning these three service elements will be the recovery support network, both local and across LLR, which will include the Recovery College[7], peer support and will link to public health and community resources.

48. An outcome based procurement exercise will determine the service delivery model for each of the individual Hubs with providers proposed approaches evaluated against the outline service model, service level outcomes and local needs of the population. We anticipate the delivery models will include face to face contacts, telephone support and a web-based offer.

<u>Future Commissioning Proposals</u>

49. It is intended that there will be one single Invitation to Tender encompassing all lots across LLR using the single model and service specification outlined above. The procurement process will be led by Leicester City Council, supported by strategic commissioners from the other local authorities and the CCGs.

50. At the end of the procurement process the County Council will contract for those services in Leicestershire in partnership with East Leicestershire and Rutland and West Leicestershire CCGs, Rutland Council and Leicester City Council will each commission their own services in partnership with the relevant CCG.

51. The service will be funded by reinvesting existing CCG and local authority third sector mental health support services funding into what will now be an outcomes-based model. In Leicestershire it is proposed that the localities will align with the seven district council boundaries, and funding allocations will reflect the levels of population and mental health prevalence in each area.

52. A key point from the consultation was the importance of the service provider understanding the social, economic and cultural needs of the local population. It is therefore proposed that when the bids for locality contracts are evaluated, 50% of the scoring is specific to understanding individual locality needs and how services will respond to those needs. The remaining 50% will be split between the service delivery model (40%) and value for money (10%).

53. The proposal for each local authority to issue and monitor the contract(s) relating to its geographical area will also ensure that the locality focus can be retained and that performance can be monitored specifically against local needs and requirements.

---

[7] An NHS college offering a range of recovery focused educational courses and resources for people with lived mental health experience, their friends, family and Leicestershire Partnership NHS Trust (LPT) staff

54. In the evaluation of bids, responses to questions which relate to all areas will be considered by a panel with representation from each of the commissioning organisations. In relation to the responses for specific lots, these will be considered by officers from the appropriate local authority and CCG only.

55. Contracts will be awarded and managed by each local authority for the lots relevant to their geographic area, and will be for three years with a two year extension facility. There will be a contractual requirement for providers to attend a quarterly group meeting with the joint commissioners to review progress, build ongoing relationships and share good practice.

Conclusions

56. Consultation and engagement have confirmed support for the proposed commissioning model and its constituent elements.

57. The procurement of the new model of service will achieve efficiency savings, secure a consistent local model of support, and adhere to the principles of the Council's Adult Social Care strategy.

58. The areas of concern identified in the consultation and engagement process will be addressed through the revision of the number of 'hubs' in Leicestershire, and through the procurement process which will seek to ensure that providers have a good understanding of local needs and can be flexible and innovative when seeking to meet them.

Background Papers

- Promoting Independence, Supporting Communities: Our vision and strategy for Adult Social Care 2016)
  http://ow.ly/Juhy301NffM

- The Five Year Forward View for Mental Health, NHS England
  http://ow.ly/tkLe301NfkZ

- Better Care Together Five Year Strategic Plan (2014) –
  http://ow.ly/o3oA301Nftz

- Report to Cabinet: 18 July 2016 - Integrated Commissioning of Mental Health Recovery and Resilience Services
  http://politics.leics.gov.uk/ieListDocuments.aspx?MId=4604

- Adult Social Care Strategy 2016–2020
  http://corpedrmsapp:8087/Intranet%20File%20Plan/Departmental%20Intranets/Adults%20and%20Communities/2012%20-%2013/Departmental%20Administration/ASC%20Policies%20and%20Procedures/ASC_Strategy_2016-2020_P0358_12.pdf

- Leicester, Leicestershire and Rutland Sustainability and Transformation Plan Draft 21/11/2016
  http://www.bettercareleicester.nhs.uk/EasysiteWeb/getresource.axd?AssetID=46236

Appendices

- Appendix A – Summary Report of Public Consultation and Engagement
- Appendix B – Equalities and Human Rights Impact Assessment

Relevant Impact Assessments

Equality Impact Assessment

59. The Equalities and Human Rights Impact Assessment (EHRIA) has been completed in relation to Leicestershire and the impact of a change in service model and reinvestment into the joint commissioning proposals, and has been informed by the outcomes of the consultation.

60. The EHRIA has not identified any unlawful discrimination against anyone with a protected characteristic and reached the conclusion that the proposal should have a positive impact on the service. It did however highlight the need for proactive support to disadvantaged and marginalised groups, which will be addressed through the service specification and procurement.

61. The EHRIA identified the need for attention to be paid to management of change processes to ensure that people are supported to move into the new model of provision, or to exit in a planned manner, and that changes do not result in language or cultural barriers to service access.

62. There will be ongoing, consistent data collection and analysis to understand performance and ensure that services remain inclusive across protected groups. Commissioners will regularly engage with providers to support them to increase quality, flexibility and responsiveness of support.

63. The EHRIA and action plan have been considered and approved by the Departmental Equalities Group in January 2017, and will inform procurement and future service provision.

Partnership working and associated issues

64. Engagement with partners including health and independent and voluntary sector organisations in the production and delivery of the new model is critical.