



*Meeting:* **Scrutiny Commission**

*Date/Time:* **Wednesday, 25 January 2017 at 10.00 am**

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

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

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

### **Membership**

Mr. S. J. Galton CC (Chairman)

Mrs. R. Camamile CC    Mr. K. W. P. Lynch CC  
Mrs. J. A. Dickinson CC    Mrs. C. M. Radford CC  
Dr. R. K. A. Feltham CC    Mr. R. Sharp CC  
Dr. S. Hill CC    Mr. S. D. Sheahan CC  
Mr. D. Jennings CC    Mr. R. J. Shepherd CC

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

### **AGENDA**

<u>Item</u>	<u>Report by</u>
1. Minutes of the meeting held on 30 November 2016.	(Pages 5 - 8)
2. Question Time.	
3. Questions asked by members under Standing Order 7(3) and 7(5).	
4. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.	
5. Declarations of interest in respect of items on the agenda.	



6. Declarations of the Party Whip in accordance with Overview and Scrutiny Procedure Rule 16.
7. Presentation of Petitions under Standing Order 36.
8. Medium Term Financial Strategy 2017/18 to 2020/21 - Context Setting and Overall Position. Director of Corporate Resources

The Director of Corporate Resources will provide an oral update under this item. Mr. N. J. Rushton CC, the Leader of the Council has been invited to attend for the Medium Term Financial Strategy (MTFS) items.

A copy of the full MTFS Report and appendices considered by the Cabinet on 13 December 2016 is attached for Commission members only on PINK paper.

9. Medium Term Financial Strategy 2017/18 to 2020/21 - Chief Executive's Department. Chief Executive, Director of Corporate Resources and Chief Executive (Pages 9 - 22)
10. Medium Term Financial Strategy 2017/18 to 2020/21 - Corporate Resources and Corporate Items. Director of Corporate Resources (Pages 23 - 44)
11. Medium Term Financial Strategy 2017/18 to 2020/21 - Consideration of Responses from Overview and Scrutiny Committees. Director of Corporate Resources

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

- Children & Families Overview and Scrutiny Committee (meeting held: 16 January)
- Adults & Communities Overview and Scrutiny Committee (meeting held: 17 January)
- Environment & Transport Overview and Scrutiny Committee (meeting held: 19 January)
- Health Overview and Scrutiny Committee (meeting held: 23 January)

12. Date of next meeting.

The next meeting of the Commission is scheduled to take place on 8 March at 10.30am.

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

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

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

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

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

### **Key Questions:**

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

### **If it is a new service:**

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

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

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

This page is intentionally left blank



Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Wednesday, 30 November 2016.

PRESENT

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

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

Mr. K. W. P. Lynch CC  
 Mrs. C. M. Radford CC  
 Mr. R. Sharp CC  
 Mr. S. D. Sheahan CC  
 Mr. R. J. Shepherd CC

In Attendance:

Mr. J. B. Rhodes CC, Cabinet Lead Member for Resources (For Minutes 51 and 52)

44. Minutes.

The Minutes of the meeting held on 16 November were taken as read, confirmed and signed.

45. Question Time.

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

46. Questions asked by Members.

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

47. Urgent Items.

There were no urgent items for consideration.

48. Declarations of Interest.

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

The following members each declared a personal interest in respect of all three substantive items on the agenda (Minutes 51 and 52 refer) as members of district/borough councils (as indicated) affected by the proposals:

Mr. S. J. Galton CC (Harborough District Council)  
 Dr. S. Hill CC (Harborough District Council)  
 Mr. D. Jennings CC (Blaby District Council)

Mr. K. W. P. Lynch CC (Hinckley and Bosworth Borough Council)  
 Mrs. C. M. Radford CC (Charnwood Borough Council)  
 Mr. R. Sharp CC (Charnwood Borough Council)  
 Mr. S. D. Sheahan CC (North West Leicestershire District Council)  
 Mr. R. J. Shepherd CC (Charnwood Borough Council)

49. Declarations of the Party Whip.

There were no declarations of the party whip.

50. Presentation of Petitions under Standing Order 36.

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

51. 2016/17 Medium Term Financial Strategy Monitoring (Period 6).

The Commission considered a report of the Director of Corporate Resources concerning an update on the 2016/17 revenue budget and capital programme monitoring position. A copy of the report, marked "Agenda Item 8", is filed with these minutes.

The Chairman welcomed to the meeting the Cabinet Lead Member for Resources, Mr. J. B. Rhodes CC who was present to respond to members' questions.

Arising from a discussion, the following points were noted:

Revenue Budget

- The Council had invested £15 million and more recently agreed a further £10 million in property funds. These had performed well in the past and a 4% annual return was expected. Expertise had been levered in from the Council's pension fund managers in order to select the most attractive funds;
- The overspend in the area of Special Educational Needs (SEN) was a particular area of concern. It was hoped that more robust planning in future years would enable the Council to contain these costs in future years;
- The Council would be required to work well with maintained schools in order to avoid expensive SEN placement costs. It was noted that this had been an issue in previous years and that the Children and Families Overview and Scrutiny Committee was pursuing this issue as part of its work programme;
- The underspend in respect of Adults and Communities was welcome in the face of a challenging funding position and followed 3 years of overspends. The Department's strategy remained that of "demand management" and it was felt that the underspend was evidence that this approach was proving effective;
- Restructures and staffing reductions in the Environment and Transport Department had affected some aspects of frontline service performance. Flooding during the summer months had also had an impact. A £5 million fund had been established to enable the department to addresses quickly any maintenance or other associated issues. A view was expressed that there needed to be regard in

the budget for the fact that roads were a “universal” service used by all;

### Capital Programme

- Coalville Transfer station was considered to be no longer viable. Further detail on the reasons behind this would be circulated to members following the meeting.

RESOLVED:

That the 2016/17 Medium Term Financial Strategy Monitoring (Period 6) report be noted.

### 52. Review of Earmarked Funds and Balances.

The Commission considered a report of the Director of Corporate Resources concerning an update the findings of a detailed review of revenue earmarked funds and balances. A copy of the report, marked “Agenda Item 9”, is filed with these minutes.

Arising from a discussion, the following points were noted:

- The Council had played a role in assisting growth in the local economy through its mortgage scheme and lending to local businesses. The Council was also looking to increase its “commercial approach” through its traded service offer;
- The split of BT Openreach from British Telecom was viewed as a positive step in helping to roll out high speed broadband to the remaining areas of the County without it. Without a financial imperative, Openreach would be free to adopt a more “socialised” approach to schemes;
- The Director of Adults and Communities had a statutory responsibility for workforce development for the Leicestershire Social Care Development Group. A note on the detail behind this responsibility would be circulated to members following the meeting.

RESOLVED:

That the report be noted.

### 53. Date of next meeting.

It was noted that the next meeting of the Commission would be held on 25 January 2017 at 10.30am.

2.00 - 3.20 pm  
30 November 2016

CHAIRMAN

This page is intentionally left blank





**SCRUTINY COMMISSION - 25 JANUARY 2017**

**MEDIUM TERM FINANCIAL STRATEGY 2017/18–2020/21**

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

**Purpose of Report**

1. The purpose of this report is to:
  - a) Provide information on the proposed 2017/18 to 2020/21 Medium Term Financial Strategy (MTFS) as it relates to the Chief Executive's Department; and
  - b) Ask members of the Commission to consider any issues as part of the consultation process, and make any recommendations to Cabinet accordingly.

**Policy Framework and Previous Decisions**

2. The County Council agreed the current MTFS in February 2016. This was the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2017/18–2020/21 was considered by the Cabinet on 13 December 2016.

**Background**

3. The MTFS is set out in the report to Cabinet on 13 December 2016, a copy of which has been circulated to all members of the County Council. This report highlights the implications for the Chief Executive's Department.
4. Reports such as this one have been presented to the relevant Overview and Scrutiny Committees. The Cabinet will consider the results of the scrutiny process on 10 February 2017 before recommending an MTFS, including a budget and capital programme for 2017/18 to the County Council on the 22 February 2017.

**Service Transformation**

5. The functions delivered by the Chief Executive's Department play critical roles in supporting transformation and are being reviewed in the context provided by the strategies and priorities referred to in this paragraph. The Department takes the corporate lead on delivering the Communities Strategy, including support for service devolution, community engagement and community capacity building, and in providing business intelligence to support effective commissioning and service delivery. The Department also leads the Council's work to support economic growth, working closely with the Leicester & Leicestershire Enterprise Partnership (LLEP), the Economic Growth Board (Shadow Combined Authority), the Midlands Engine partnership and other

partners to secure and deploy funding. In terms of business intelligence a new target operating model has been implemented as part of the transformation programme.

6. Legal and Democratic Services have a key role in ensuring that the necessary legal basis for proposed actions is established and that due process is followed to avoid the risk of challenge. This includes advising on consultation requirements, governance processes and advice on Equality and Human Rights Impact Assessments. Legal Services also has a significant role in the Transformation Programme relating to commissioning and employment as services are redesigned.
7. The Department continues to lead on work to establish a Combined Authority (CA) for Leicester and Leicestershire with the County Council working jointly with Leicester City Council, District Councils and the LLEP. The CA would guide decisions on transport, planning, skills and other key issues affecting the area. Progression of the Order making process is now subject to the outcome of a Ministerial review and as a result the earliest that the CA will be established is summer/autumn 2017.

### **Proposed Revenue Budget**

8. The table below summarises the proposed 2017/18 revenue budget and provisional budgets for the next three years. The proposed 2017/18 revenue budget is shown in detail in Appendix A.

	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>
Original prior year budget	9,676	9,737	9,322	9,297
Budget Transfers and Adjustments	356	0	0	0
<b>Sub total</b>	<b>10,032</b>	<b>9,737</b>	<b>9,322</b>	<b>9,297</b>
Add proposed growth (Appendix B)	160	100	0	0
Less proposed savings (Appendix C)	-455	-515	-25	-75
<b>Proposed/Provisional net budget</b>	<b>9,737</b>	<b>9,322</b>	<b>9,297</b>	<b>9,222</b>

9. Detailed service budgets have been compiled on the basis of no pay or price inflation, a central contingency will be held which will be allocated to services as necessary.
10. The central contingency also includes provision for an annual 1% increase in the employers' contribution to the Local Government Pension Scheme based upon the 2016 triennial actuarial revaluation of the pension fund.
11. The total gross proposed budget for 2017/18 is £12.7m with contributions from grants, health transfers and service user contributions projected of £3.0m. The proposed net budget for 2017/18 totals £9.7m and is distributed as follows:

<b>Net Budget 2017/18</b>	<b>£000</b>	<b>%</b>
Democratic Services, Administration and Civic Affairs	1,605	16.5%
Legal Services	1,669	17.1%
Strategy and Business Intelligence	3,646	37.4%
Regulatory Services	2,157	22.2%

Planning, Historic and Natural Environment	473	4.9%
Departmental Items	37	0.4%
Combined Authority Contribution	150	1.5%
<b>Department Total</b>	<b>9,737</b>	

### Other Changes and Transfers

12. A number of budget transfers (totalling a net increase of £0.4m) were made throughout the 2016/17 financial year and are now adjusted for in the updated original budget. These transfers are:

The most significant item was £0.3m for pay, national insurance and pension inflation transferred from the central inflation contingency;

13. Growth and savings have been categorised in the appendices under the following classification:

\* item unchanged from previous MTFS;  
 \*\* item included in the previous MTFS, but amendments have been made;  
 No stars new item.

14. This star rating is included in the descriptions set out for growth and savings below.
15. Savings have also been classified as Transformation or Departmental and highlighted as “Eff” or “SR” dependent on whether the saving is seen as an efficiency or a service reduction or a mixture of both. “Inc” denotes those savings that are funding related or to generate more income.

### Growth

16. Growth bids are mainly demand led in nature for some of the County Council’s most vulnerable service users. They are also influenced by the authority’s recognition that it should play an appropriate leading role in how local government services are delivered across Leicester, Leicestershire and Rutland.
17. Growth over the next four years total £0.3m, including £0.2m in 2017/18. The budget increases are outlined below and summarised in Appendix B.
18. \*\* G16 Hardship and Crisis Support; £100,000 in 2018/19

In 2015/16 the funding received for Local Welfare Provision (LWP) was discontinued. This funding was used to support some of the most vulnerable residents in Leicestershire. From 2015/16 the replacement Signposting and Community Support Service was initiated; this has been funded from ear marked reserves set aside from previous years underspends of the now discontinued LWP grant. The replacement service ensures this group of residents will still be supported to access assistance. From 2018/19 the growth will principally help prevent the vulnerable slipping into hardship which will include direct support in the form of food, fuel and limited reused household goods within the budget available.

19. \* G17 Business Intelligence Service (One Off Growth); -£120,000 in 2017/18

Removal of one-off growth, required in 2016/17 only, to purchase 500 licenses for software to allow managers within the Council to access self-service analysis on their desktop. The procurement of the software is complete and implementation has commenced.

20. G18 Coroners; £130,000 in 2017/18

Demand pressures are being experienced by both Coroners, who cover the entire Leicestershire area. The additional demand largely relates to an increased number and complexity of referrals for people who have died whilst under Deprivation of Liberty Safeguard (DoLS) authorisations. The number of DoLS has risen sharply following a Supreme Court judgement extending DoLS to residential and supported living settings. Cost pressures previously experienced and supported through previous MTFS growth in Adults and Communities and Legal Services are now being experienced in the Coroners Service. Coroner's cases are more complex and are more costly due to the need for toxicology and histology investigations and lengthier storage periods.

21. G19 County Council's Contribution to the running of the Combined Authority; £150,000 in 2017/18

The Combined Authority (CA) which will involve, if approved by the Government, Leicestershire County Council, Leicester City Council, the seven District Councils and the LLEP, will improve how partners collaborate on key issues such as economic growth, tourism, skills, transport and planning. The funding will be used to support the creation and administrative running of the CA; it represents a third of the anticipated cost with Leicester City Council and the seven District Councils contributing the remaining two thirds.

### Savings

22. Details of proposed savings are set out in Appendix B and total £0.5m in 2017/18 and £1.1m over the next four years in total.

### Departmental Savings

23. \* CE1 (SR) Funding and support to agencies; £20,000 in 2018/19.

Following a review and public consultation of the funding and support provided to agencies that provide help to individuals and voluntary agencies in Leicestershire, savings proposals were approved for implementation at the Cabinet meeting in September 2014. The total saving secured was £596,000. This is the final part relating to £20,000 from reduced funding for partnership support.

24. \*\* CE2 (Eff) Vacancy control/Staff turnover; £100,000 in 2017/18.

The Department will create a vacancy control/staff turnover saving to meet a shortfall in its saving target thus reducing the need to review services. The Department in the last

few years has reported underspends mainly due to staff turnover. An assumption has therefore been made that natural turnover will lead to savings during each financial year which will achieve this target.

25. \* CE3 (Eff) Democratic Services, Administration and Civic Support review; £90,000 in 2017/18 rising to £120,000 by 2018/19.

As a result of legislative changes which come into effect in May 2017, Elected Members will no longer be entitled to be members of the Local Government Pension Scheme. This will result in a saving of £75,000 in employer pension contributions. The remaining savings relate to a reduction in the level of civic hospitality and support (£45,000).

26. \* CE4 (Eff) Legal Services review; £80,000 by 2018/19.

A review of the Legal Services team, staffing and income streams, which has now commenced, will deliver the saving.

27. \*\* CE5 (Inc) Registration Service - Review and Increased Income; £95,000 in 2017/18.

The Registration service's contribution will be achieved via additional income, through further development of complementary customer services, price increases and the continued development of services delivered at the new registry office at Anstey Frith House.

28. \* CE6 (SR) Review Planning, Historic and Natural Environmental Services; £25,000 in 2017/18 rising to £65,000 by 2018/19

The savings will relate to a combination of staff reductions and increased income. Reviews will be undertaken to identify how best the savings can be made including the risk associated with increasing income in the context of the state of the local economy.

29. \*\* CE7 (SR) Review of Community Centre funding; £5,000 in 2017/18 rising to £20,000 by 2018/19

Work is on-going with the management committee of Thringstone Community Centre to help them become self-funded prior to the removal of this funding in 2018/19.

30. \*\* CE5 (Inc) Registration Service - Review and Increased Income; £95,000 in 2017/18.

The Registration service's contribution will be achieved via additional income, through further development of complementary customer services, price increases and the continued development of services delivered at the new registry office at Anstey Frith House.

31. \*\* CE5 (Inc) Registration Service - Review and Increased Income; £95,000 in 2017/18.

The Registration service's contribution will be achieved via additional income, through further development of complementary customer services, price increases and the continued development of services delivered at the new registry office at Anstey Frith House.

32. \*\* CE5 (Inc) Registration Service - Review and Increased Income; £95,000 in 2017/18.
- The Registration service's contribution will be achieved via additional income, through further development of complementary customer services, price increases and the continued development of services delivered at the new registry office at Anstey Frith House.
33. \* CE6 (SR) Review Planning, Historic and Natural Environmental Services; £25,000 in 2017/18 rising to £65,000 by 2018/19
- The savings will relate to a combination of staff reductions and increased income. Reviews will be undertaken to identify how best the savings can be made including the risk associated with increasing income in the context of the state of the local economy.
34. \*\* CE7 (SR) Review of Community Centre funding; £5,000 in 2017/18 rising to £20,000 by 2018/19
- Work is on-going with the management committee of Thringstone Community Centre to help them become self-funded prior to the removal of this funding in 2018/19.
35. \*\* CE8 (Eff) Trading Standards – Service Review and Joint Working; £40,000 in 2017/18 rising to £100,000 by 2018/19
- Whilst the Council was unable to pursue a full shared service, during the course of the review, lessons about sharing back office operations were learnt. Along with increased income from other agencies and changes in customer facing services, £80,000 of the saving requirement will be achieved. The balance of the savings relate to further reviews of management and operational costs.
36. \*\* CE9 (SR) Reduction in the value of Shire Community Grants; £70,000 in 2018/19
- This reduction is a savings made to monies provided for organisations/community groups to apply for grants to support community-based projects. The remaining Shire Community Grants fund will be £350,000, including the capital expenditure budget (£100,000).
37. \*\* CE10 (SR) Review funding for economic development activity to external agency; £100,000 in 2017/18 rising to £300,000 in 2020/21
- This proposal is for the cessation of three funding arrangements relating to economic development. This covers support for rural housing/economic initiatives (£70,000), tourism support services (£175,000) and the grant to the LLEP (£55,000). With increasing amounts of funding being channelled through Local Enterprise Partnerships (including funding previously provided to local authorities) it is considered no longer necessary for the LLEP to receive local authority grants. A review of tourism support has taken place and the Cabinet received and approved a report on 23<sup>rd</sup> November 2016 that recommended the setting up of a jointly owned company, with the City Council, aimed at delivering strategic objectives relating to tourism, inward investment and place marketing. The removal of the budget to support rural housing/economic initiatives will mean that the Leicestershire Rural Partnership will be reliant on securing external funding.

New savings

38. CE11 (Eff/SR) Early Help and Prevention Review –reduced contribution to community capacity building; £100,000 in 2018/19

Cabinet approved the Early Help and Prevention Strategy on 17 June 2016. One of the recommendations regarded savings that were achievable through the reduction in contributions to community capacity building made through focusing resources to tie in more closely on key indicators which support the Community Strategy. This saving relates to that work.

**Savings Under Development**

39. The County Council's overall MTFS is balanced in 2017/18 but shows shortfalls of £2.8m in 2018/19 rising to £23.9m in 2020/21. To help bridge the gap a number of initiatives across the Council are under development to generate further savings. Once business cases have been completed savings will be confirmed and included in a future MTFS. Initiatives which are under development and which the Chief Executive's Department will have an interest in both corporately and departmentally are:-

- Integrated ICT Systems
- Review of Structures and Delivery Models
- Commercialism
- Commissioning and Procurement
- People and Performance Management
- Digital Services
- Whole Life Disability

**External Influences****Combined Authority**

40. The successful establishment of a Combined Authority and negotiation of a Devolution Deal may significantly and positively influence the Council's ability to secure capital funding in support of economic growth. It will also be influenced by the Government's approach to devolution in non-metropolitan areas which remains unclear. The successful development of the Midlands Engine into an effective, inclusive sub-national partnership will also be important.

**Other Funding Sources**

41. For 2017/18, the following grants are expected to be received:
- The Police and Crime Panel Grant (£55,000) provides funding towards the administration and member expenses for the panel locally. The level of funding for 2017/18, from the Home Office, is still to be confirmed.

- The Local Reform and Community Voices Grant (£0.3m) provides funding to support the local Healthwatch and Independent Complaints Advocacy services. Local Healthwatch is the consumer champion for patients and the public in health and social care. The Independent Complaints Advocacy Service provides complaints advocacy support to people who wish to make a complaint about the service that they have received from the NHS. The level of funding for 2017/18, from the Department of Health, is still to be confirmed.

### **Capital Programme**

42. The draft Chief Executive's capital programme totals £0.4m over the next four years including £0.1m in 2017/18. The draft programme is outlined below.

#### **Draft Capital Programme 2017-21**

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
Shire Community Solutions Grants	100	100	100	100	400
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>400</b>

43. Shire Community Solutions Grants; £100,000 in 2017/18

This scheme of grants aimed at community and voluntary sector groups is targeted for supporting vulnerable and disadvantaged people and communities. These grants play a key role in delivering the Council's Community Strategy; they are funded from the Council's discretionary resources.

### **Background Papers**

[Cabinet : 13 December 2016 – Medium Term Financial Strategy 2017/18 to 2020/21](#)

### **Circulation under local issues alert procedure**

None.

### **Officers to Contact:**

John Sinnott, Chief Executive  
Tel: 0116 305 6000  
E-mail: [john.sinnott@leics.gov.uk](mailto:john.sinnott@leics.gov.uk)

Lauren Haslam, Director of Law and Governance  
Tel: 0116 305 6240  
E-mail: [lauren.haslam@leics.gov.uk](mailto:lauren.haslam@leics.gov.uk)

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



Phil D'Mello, Assistant Finance Business Partner  
Tel: 0116 305 8229  
E-mail: [philip.d'mello@leics.gov.uk](mailto:philip.d'mello@leics.gov.uk)

## **Appendices**

Appendix A – Revenue Budget 2017/18  
Appendix B – Growth/Savings

## **Equality and Human Rights Implications**

44. 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.
45. 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.
46. Proposals in relation to savings arising out of a reduction in posts will be subject to the County Council Organisational Change policy which requires an Equality Impact Assessment to be undertaken as part of the action plan.

This page is intentionally left blank

**CHIEF EXECUTIVE'S DEPARTMENT****REVENUE BUDGET 2017/18**

<b>Budget 2016/17 £</b>		<b>Employees £</b>	<b>Running Expenses £</b>	<b>Internal Income £</b>	<b>Gross Budget</b>	<b>External Income £</b>	<b>Net Total £</b>
	<b>DEMOCRATIC SERVICES, ADMIN &amp; CIVIC AFFAIRS</b>						
1,349,022	Democratic Services and Administration	1,241,667	141,290	-13,660	1,369,297	-63,333	1,305,964
114,000	Subscriptions	0	114,000	0	114,000	0	114,000
200,755	Civic Affairs	69,044	158,900	0	227,944	-43,000	184,944
<b>1,663,777</b>	<b>TOTAL</b>	<b>1,310,712</b>	<b>414,190</b>	<b>-13,660</b>	<b>1,711,242</b>	<b>-106,333</b>	<b>1,604,909</b>
1,711,480	<b>LEGAL SERVICES</b>	2,343,833	168,440	-444,893	2,067,380	-398,000	1,669,380
3,873,658	<b>STRATEGY AND BUSINESS INTELLIGENCE</b>	3,093,565	2,570,949	-1,348,695	4,315,819	-670,388	3,645,431
	<b>REGULATORY SERVICES</b>						
1,473,472	Trading Standards	1,425,120	241,670	-76,000	1,590,790	-156,000	1,434,790
861,535	Coroners	170,627	850,975	0	1,021,602	-42,000	979,602
-174,777	Registrars	802,860	66,400	0	869,260	-1,126,800	-257,540
<b>2,160,230</b>	<b>TOTAL</b>	<b>2,398,607</b>	<b>1,159,045</b>	<b>-76,000</b>	<b>3,481,652</b>	<b>-1,324,800</b>	<b>2,156,852</b>
486,903	<b>PLANNING, HISTORIC &amp; NATURAL ENVIRONMENT</b>	817,668	246,210	-70,000	993,878	-520,700	473,178
135,915	<b>DEPARTMENTAL ITEMS</b>	88,140	37,211	-88,140	37,211	0	37,211
	<b>COMBINED AUTHORITY CONTRIBUTION</b>	0	150,000	0	150,000		150,000
<b>10,031,963</b>	<b>TOTAL CHIEF EXECUTIVES</b>	<b>10,052,525</b>	<b>4,746,045</b>	<b>-2,041,388</b>	<b>12,757,182</b>	<b>-3,020,221</b>	<b>9,736,961</b>

This page is intentionally left blank

**APPENDIX B**

Reference		2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
<b><u>CHIEF EXECUTIVE'S</u></b>					
<b><u>GROWTH</u></b>					
<b><u>Demand &amp; cost increases</u></b>					
**	G16		0	100	100
*	G17		-120	-120	-120
	G18		130	130	130
	G19		150	150	150
			<b>160</b>	<b>260</b>	<b>260</b>
				<b>260</b>	<b>260</b>

Reference	Eff/SR/ Income		2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
<b><u>SAVINGS</u></b>						
<b><u>Departmental</u></b>						
*	CE1	SR		0	-20	-20
**	CE2	Eff		-100	-100	-100
*	CE3	Eff		-90	-120	-120
*	CE4	Eff		0	-80	-80
**	CE5	Inc		-95	-95	-95
*	CE6	SR		-25	-65	-65
**	CE7	SR		-5	-20	-20
**	CE8	Eff		-40	-100	-100
**	CE9	SR			-70	-70
**	CE10	SR		-100	-225	-300
				<b>-455</b>	<b>-870</b>	<b>-970</b>
<b><u>New Savings</u></b>						
	CE11	Eff/SR			-100	-100
				<b>0</b>	<b>-100</b>	<b>-100</b>
				<b>-455</b>	<b>-970</b>	<b>-995</b>
					<b>-100</b>	<b>-1,070</b>

This page is intentionally left blank



**SCRUTINY COMMISSION - 25 JANUARY 2017**

**MEDIUM TERM FINANCIAL STRATEGY 2017/18–2020/21**  
**CORPORATE RESOURCES**

**REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

**Purpose of Report**

1. The purpose of this report is to:
  - a) Provide information on the proposed 2017/18 to 2020/21 Medium Term Financial Strategy (MTFS) as it relates to the Corporate Resources Department;
  - b) Ask members of the Committee to consider any issues as part of the consultation process, and make any recommendations to the Scrutiny Commission and the Cabinet accordingly.

**Policy Framework and Previous Decisions**

2. The County Council agreed the current MTFS in February 2016. This was the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2017/18–2020/21 was considered by the Cabinet on 13 December 2016.

**Background**

3. The MTFS is set out in the report to Cabinet on 13 December 2016, a copy of which has been circulated to all members of the County Council. This report highlights the implications for the Corporate Resources Department.
4. Reports such as this one are being presented to the relevant Overview and Scrutiny Committees. The Cabinet will consider the results of the scrutiny process on 10 February 2017 before recommending a MTFS, including a budget and capital programme for 2017/18 to the County Council on the 22 February 2017.

**Service Transformation**

5. Corporate Resources has a gross spend of £78.2m and provides a range of enabling functions and support services, whilst generating £45.7m of income from a range of sources.
6. The department, in line with the rest of the organisation, has undergone significant transformation over recent years through restructuring services and seeking continuous improvement with a focus on efficiency and customer service. The department's 4-year strategy and delivery plan build on these strengths focusing on managing demands;

identifying and delivering savings; becoming more commercial and exploiting digital services.

### **Proposed Revenue Budget**

7. The table below summarises the proposed 2017/18 revenue budget and provisional budgets for the next three years. The proposed 2017/18 revenue budget is shown in detail in Appendix A.

	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>
Original prior year budget	31,635	32,483	30,183	29,423
Budget Transfers and Adjustments	2,623	0	0	0
<b>Sub total</b>	<b>34,258</b>	<b>32,483</b>	<b>30,183</b>	<b>29,423</b>
Add proposed growth (Appendix B)	535	230	-20	0
Less proposed savings (Appendix C)	-2,310	-2,530	-740	-20
<b>Proposed/Provisional net budget</b>	<b>32,483</b>	<b>30,183</b>	<b>29,423</b>	<b>29,403</b>

8. Detailed service budgets have been compiled on the basis of no pay or price inflation, a central contingency will be held which will be allocated to services as necessary.
9. The central contingency also includes provision for an annual 1% increase in the employers' contribution to the Local Government Pension Scheme based upon the 2016 triennial actuarial revaluation of the pension fund.
10. The total gross proposed budget for 2017/18 is £78.2m with contributions from grants, ear marked reserves, internal recharges and trading income projected of £45.7m. The proposed net budget for 2017/18 totals £32.5m and is distributed as follows:

<b>Net Budget 2017/18</b>	
Strategic Finance & Property, Assurance and EMSS	£8.2m
Corporate Services - People, Information & Technology and Transformation	£14.6m
Customer and Property Services	£11.9m
Commercial Services	-£2.2m
<b>Department Total</b>	<b>£32.5m</b>

### **Other Changes and Transfers**

11. A number of budget transfers (totalling a net increase of £2.6m) were made throughout the 2016/17 financial year and are now adjusted for in the updated original budget. These transfers include:
- £0.2m of funding transferred from the central inflation contingency for rising building and ICT costs;
  - £1.2m for pay (including increments relating to the National Living Wage) and pension inflation transferred from the central inflation contingency;



- c) £0.55m transferred for the transactional finance teams transferred from the Community Care Finance section in the Adults and Communities department (A&C)
- d) £0.2m to centralise all the printing “click charge” budgets to maximise printing efficiencies
- e) £0.26m to offset for the change in recharges to Leicestershire Highways Operations now this has ceased trading as a separate entity.
- f) £0.2m relating to ESPO rebate that was budgeted in the Commissioning Unit but has now been accounted for centrally

12. Growth and savings have been categorised in the appendices under the following classification:

- \* item unchanged from previous MTFS;
- \*\* item included in the previous MTFS, but amendments have been made;
- No stars new item.

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

14. Savings have also been classified as Transformation or Departmental and highlighted as “Eff” or “SR” dependent on whether the saving is seen as an efficiency or a service reduction or a mixture of both. “Inc” denotes those savings that are funding related or to generate more income.

### **Growth**

- 15. Corporate Resources have always kept their growth bids to a minimum, recognising the demand pressures in frontline services, however increased resources are now becoming necessary to both meet internal demands as the organisation continues to transform and require advice and professional input from support services; and to fund asset and trading investments that will generate ongoing revenues mitigating further service savings.
- 16. The total budget growth requested is £0.7m over 4 years of which £0.5m relates to 2017/18. A summary and detail of the growth bids are outlined in Appendix B and the narrative below:
- 17. \*\* G20 ICT infrastructure costs and consequences of capital spend – £265,000 2017/18 and G21 Intranet ongoing maintenance - £105,000 2017/18

The Information and Technology programme continues to invest in the ICT infrastructure needed to sustain Council activity going forward in a stable and efficient manner as well as enabling the “digital council” agenda. This includes replacement, capacity growth and upgrade across the corporate estate which result in increased revenue costs of :

- £70,000 for additional resources (2 x grade 9 support services) following the implementation of the Integrated Adult System. 1 post relates to an increase in the frequency of upgrades and the amount of “hot fixes” required. The other post relates to increased functionality implemented in A&C for provider and customer portals

- £65,000 for increases relating to pricing for hardware; Egress licences; and Airwatch MDM licences resulting from suppliers passing on exchange rate fluctuations. Additional ICT equipment has also been required for partners who are co-locating at County Hall but although there is a growth pressure in ICT this will be offset by rental income received
- £130,000 full year effect of revenue costs relating to the 2015/16 capital investments of replacing the unified communication / telephony system, security upgrades including LAN encryption and Airwatch licences following upgrade to firewalls
- £105,000 ongoing revenue costs for licence costs and a resource to maintain the updated intranet system

18. \*\* G22 – Strategic Property Asset resources to manage and develop property assets – £250,000 from 2018/19

Strategic Property have responsibility for over £360m of investments property, land, buildings and other assets overseeing 725 freehold and leasehold properties (including schools).

To execute these responsibilities, costs are incurred in disposing properties no longer required plus initial investment costs (feasibility and other initial investigations) in acquiring new assets. The spend for these activities has been running at an average of £400,000 pa compared to a base budget of £150,000 with the difference being funded by time limited resources until 2017/18.

19. G23 - Information and Records Management and Data Compliance Regulations – £90,000 ongoing from 2017/18 plus one off costs of £40,000 in 2017/18 and £20,000 in 2018/19

Increased information management resources are required to ensure that the Council meets its statutory obligations with regard to requests for information and Data Protection laws; and to minimise information breaches and the associated reputational risk. The resources are required specifically in response to :

- Freedom of Information requests (FOI) – the volume of FOI's has not changed significantly but those received are increasingly complex and more time consuming to prepare responses and co-ordinate across departments
- Subject Access Requests (SAR) are a statutory requirement to provide information within a timeframe. Not only is demand increasing but the statutory timescale is reducing from 40 to 30 days.
- A fixed term post is required for 2 years to progress the Council's compliance with the new EU General Data Protection Regulation. This regulation comes into force on the 25th May 2018 and this growth is to fund the programme of work to move us towards compliance with the new regulations.

20. G24 – Cyber breach Insurance – £35,000 2017/18

This growth is required following increasing activity and complexity of threats and demonstrated by the significant breach recently experienced by another County Council.

**Savings**

21. The proposed savings for Corporate Resources total £2.3m for 2017/18 rising to £4.8m in 2018/19 and £5.6m from 2019/20.
22. The focus of the savings remains the same as the previous MTFs but there has been some re-categorisation of savings to align with a senior manager restructure and new accountabilities. The summary of these savings are in Appendix C followed by more details for each saving below:

**Transformation Savings**

23. \*\* CR1 Eff / Inc Increasing Commercial Services contribution - £0.5m 2017/18 increasing to £1.25m in 2018/19 and £2m by 2020

Trading services within the department have been brought together under the marketing brand of Leicestershire Traded Services (LTS) and comprises a number of services including Facilities Management, Print, Catering and School Food, Leicestershire Education Authority Management Information System (LEAMIS), Beaumanor Hall and business services. At the start of 2016 a new role of Head of Service was recruited who has taken forward the commercial agenda to date creating the LTS brand and marketing strategy; upskilling managers; and undertaking a forensic review of all services; all to maximise opportunities and increase contribution.

The indicative target set last year for Commercial Services was to increase operating contribution by £2m by 2019/20 as well as covering the increased costs of the Head of Service and all other incremental resources required to deliver trading. This target has now been profiled as £0.5m in 2017/18 increasing to £1.25m and achieving a minimum of £2m by 2019/20 to be achieved from a combination of increased sales, and reduced costs (through greater productivity)..

Successes to date include achieving new school contracts; investing in print equipment to expand the range and customers; renovation of out buildings at Beaumanor Hall and Park to create more residential space (already fully booked for next year); staff restructures and overhead reductions amongst many more.

As with any commercial enterprise there are a number of risks relating to competition with the risk of losing existing business as well as gaining it. Supplier costs could increase (especially relating to the change in the value of sterling and implications for imports) and

some of the service costs are sensitive to changes in staff pay / terms and conditions. Equally this tough economic climate may create opportunities for growth if other service providers exit the market.

These risks will be mitigated through tight cost control, the right service and pricing; a quality customer experience (underpinned by account management with our key customers); a professional brand and tender bids.

### **Departmental Savings**

#### **24. \*\* CR2 Eff Business Support Review - £65,000 2017/18 increasing to £170,000 from 2018/19**

The aim is to deliver business support in the most cost effective and customer focused way through the centralisation of various departmental business support tasks and roles. To date an amalgamation of the business support roles from Secretariat, Complaints, the Transformation Unit and Communications has taken place to achieve £65,000 of annual savings. Savings from 2018/19 are being identified through discussions occurring now with Heads of Service to identify those business support staff and tasks that could be delivered from a centralised service with synergies also gained from new ways of working. A wider corporate review of business support is being considered.

#### **25. \*\* CR3 Eff Review of Strategic Finance & Assurance - £80,000 2017/18 increasing to £405,000 from 2018/19**

The Strategic Finance and Assurance function provide financial management and planning for c£700m of gross annual revenue expenditure and a 4 year capital programme of £200m.

Strategic Finance was restructured as part of a Modernising Finance project several years ago and since then there has been a number of changes resulting in Finance working flexibly to meet increased demands from organisational transformation, joint partnership working and the Combined Authority agenda.

Savings to date have been made from improving productivity and redistributing workloads following retirements and leavers and this will also achieve the £80,000 saving in 2017/18. A further £270,000 of savings in 2018/19 will be achieved from a review of Finance and increased income generation or reduced staff underpinned by new ways of working through automating processes; staff training; increasing self-service where-ever possible and improving financial systems.

Internal Audit has a target of £55,000 of savings to achieve from 2018/19 and the majority of this will be achieved by taking on additional work including Leicester City's Audit function.

26. \* CR4 Eff Review of Human Resources and Organisational Design (HR & OD) - £435,000 2017/18 increasing to £735,000 from 2018/19

The savings targets for HR & OD of £435,000 in 2017/18 and a further £300,000 in 2018/19 are the same targets as set as part of the wider “People, Procurement and Transformation Reviews” outlined in last year’s MTFS minus the Transformation element which was delivered and completed last year.

The decision was taken to undertake a fundamental review of the function with the objectives of creating a clear vision for the service, modernising the offering, revising the target operating model, and future proofing it (as far as possible). There were also clear objectives about service integration (both within the function, and with other support services), building on the current commercial offering, and finding better ways in which to manage demand.

A HR action plan has been launched which will go beyond the required target in 2017/18, and save c £560,000 through a mix of staffing and operational and (mainly L&D) budget reductions reducing the pressure on the 2018/19 savings.

27. \*\* CR5 Eff Information and Technology (I&T) Review - £535,000 2017/18 increasing to £1.2m from 2018/19

During 2016/17 ICT was integrated into a single function, with the aim of providing a cost-effective and reliable technology infrastructure to support front line service delivery through innovation and targeted investment. Following the creation of a single I&T function, the previously separate Strategic ICT and Operational ICT savings have also been amalgamated.

This pooling of resources is intended to provide a seamless end to end service for the Council and partners / customers enabling improvements in service delivery and synergy of savings. A new target operating model has been created for I&T with a HR Action plan launched in 2016/17 to make £217,000 of staff savings from a reduction in management and ICT specialists. The rest of 2017/18 savings will be achieved from a combination of supplier contracts, overheads and new ways of working. These have been identified and included in individual manager budgets.

28. \* CR6 – Customer Service Centre (CSC) - £130,000 from 2018/19

The Customer Service Centre is the first point of contact for customers of Adult Social Care, Highways and Transport enquiries, Waste Management, Regulatory services and School Admissions answering half a million customer contacts every year across a range of channels. The last year saw increasing contact demand (especially emails) with short term pressures arising from Highways and Adult Social Care projects.

A number of initiatives are both running and planned to automate and redesign processes and systems within a “Systems Thinking” methodology. The CSC is part of a multi-agency project to create a single access point across Leicestershire, Leicester and Rutland for Health and Social Care for which Cabinet approved £211,000 in July 2016 for the first phase of this project.

These programmes of work will identify the savings required for 2018/19 through integration synergies, an end to end review of processes and improved customer insight to manage demand.

29. \*\* CR7 Eff Operational Property Review (contracts and costs) - £270,000 2017/18 increasing to £400,000 in 2018/19

Operational Property has a savings target of £270,000 in 2017/18 and these savings have all been identified and embedded in individual budget models. The savings are a combination of site closures and devolved libraries; reduced helpdesk staff costs (already achieved through vacancies); a reduction in waste costs; and a review of framework contracts. There are further savings of £130,000 targeted from 2018/19. It should also be noted that a number of the Operational Property services are part of the Leicestershire Traded Services (LTS) trading unit and are also subject to additional cost savings and income targets through the commercial increased contribution target.

30. \*\* CR8 – Energy & Water Efficiencies - £225,000 2017/18 increasing to £320,000 by 2020/21

In 2014, the Council agreed an Energy Strategy to specifically reduce energy consumption and costs across council buildings. This is being achieved through an ongoing programme of upgrading the technology in and around the Council's building estate including upgrading lighting to LED, upgrading boilers and installing new heating controls. New lighting with sensors can drastically reduce the electricity used in office spaces and day care centres.

An energy company is helping the council to meet its renewable energy targets by installing solar panels on some council buildings as well as a biomass boiler at County Hall. Further reduction in energy costs is expected from the replacement of Rutland building windows and distribution heating in the main County Hall building. A water strategy is also being compiled to look at initiatives to save water and further reduce costs.

31. \* CR9 Eff EMSS Efficiency savings - £200,000 2017/18

East Midlands Shared Services (EMSS) is a shared service enterprise between Leicestershire County Council and Nottingham City Council to provide HR and Transactional Finance support services to the public sector. The Financial Services Centre (FSC) processes 230,000 of invoices a year worth £1.6bn and the Employee Service Centre (ESC) processes 750,000 of payroll payments worth an annual £588m.

To date £1.6m of savings have been achieved leaving a savings balance of £0.4m to be achieved by the EMSS joint venture to meet the £2m target savings set (£1m per Authority), and equating to further savings to LCC of £200,000 in 2017/18. In addition to these savings, EMSS are also absorbing their own pay increases and NI changes.

Future savings are to be achieved through increased levels of standardisation and automation; developing technology and systems and a more commercial approach.

Savings have been identified for the Employee Service Centre but a more fundamental transformation linked to the major systems change is required in the Financial Service Centre.

This service is sensitive on an operational level to customer demands generated from changes across both Councils to staffing, contracts and the number of providers and invoice volumes and on a more strategic level is dependent on partner willingness to continue sharing services including the selection and alignment of technology with individual organisations.

### **Savings Under Development**

32. The MTFS as a whole for Leicestershire County Council is balanced in 2017/18 and shows shortfalls of £2.8m in 2018/19 rising to £23.9m in 2020/21. 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.
33. There is likely to be involvement from support services for most of the emerging savings but the main initiatives requiring the most involvement or lead by Corporate Resources include :
  - Increased revenues from Asset Investment
  - Integrated ICT systems
  - Review of Structures and Delivery Models
  - Commercialism
  - Commissioning and Procurement
  - People and Performance Management
  - Digital Services
  - Property initiatives

### **External Influences and Risks**

34. Support services are more responsive and agile than ever making them sensitive to internal demand pressures. Services like Transformation, Strategic Finance, HR, ICT, Property and Commissioning come under increased pressure for advice and support from departments undergoing change. Similarly other services like EMSS, Pensions, Learning and Development, Insurance, Operational ICT and accommodation costs are directly linked to departmental growth, savings and other changes. These demands will need to be managed whilst continuing to maintain and improve services.
35. Increasing contribution is a challenge for traded services in a competitive climate where the private sector can compete more favourably on price (with different staff terms and conditions than the Council offers). Conversely this may also be an opportunity for LCC

as other authorities and companies decide to outsource services thereby creating a trading opportunity. Further investments in trading and projects may be required on an invest to save basis but only where there is a robust business case.

36. Strategic decisions will be required on the future of key applications including Oracle and Frameworki and the implementation of these will require significant resources and may result in savings in areas such as Finance having to be re-phased to future years. Business cases will be developed as required.

### **Other Funding Sources**

37. Corporate Resources receives a significant amount of trading income from external sources, including retained schools. For 2017/18 this trading income is expected to be £25m with Schools and Academies being the largest customer group accounting for 2/3<sup>rd</sup> of this income. Rental income from the Council's Farms and Industrial property estates is budgeted to achieve £3m in 2017/18.
38. Generating income from traded services is both a threat (as income could reduce due to cost pressures being faced by public sector partners and the academy conversion process has increased competition) and also an opportunity as other partners seek to outsource.
39. There are budgeted contributions from partners for shared services including the Resilience Partnership and East Midlands Shared Service Centre and funding of £1.2m is expected from government departments and other Local Authority clients for the Centre of Excellence whose activity is scaled within its funding envelope.
40. Earmarked funds are used to supplement the base budget where available resources are not sufficient to meet demand. Over the course of the MTFS the main reason for holding earmarked funds is expected to support the transformation programme and other departmental initiatives. Significant activities that are financed by the earmarked funds, which have been identified to date, are: the funding of additional Transformation Unit resource, project expenditure, ICT development work, ICT renewals and property asset management projects.

### **Capital Programme**

41. The Corporate Resources capital programme totals £8m over the next four years including £2.9m in 2017/18 and described in more detail in the following paragraphs and Appendix D.
42. ICT infrastructure and system replacements : £685,000 in 2017/18

The ICT Services programme continues to invest in the ICT infrastructure needed to sustain Council activity going forward in a stable and efficient manner as well as enabling the "digital council" agenda. This includes replacement, capacity growth and upgrade across the corporate estate including for 2017/18 :



- £325,000 Local Area Network (LAN) routine replacement of active LAN equipment (switches and encryption) across the County Hall and remote sites to ensure satisfactory performance and continued supplier support.
  - £360,000 comprising “Hyper V” virtualised Microsoft Servers; data back-up solution; and replacement of other core infrastructure (such as SIP links, Celestix and Gigastor) to ensure continued support and satisfactory performance.
43. Future year ICT capital costs are to replace the Wide Area Network at an estimated cost of £450,000 when the current management contract ends in July 2018 and the Storage Area Network (SAN) will need upgraded at an estimated cost of £500,000, which due to its modular nature can be on a phased basis. ICT capital costs are also included in future years for other infrastructure and systems that need replacing such as for firewalls and the Customer Service Centre.
44. As noted in the sections above, strategic decisions and significant resources will also be required on the future of key applications including Oracle and Frameworki. Business cases will be developed as required.
45. Property (Major Maintenance & Improvements) : £2.2m in 2017/18

The property capital programme currently consists of :

- £500,000 in each of 2017/18 and 2018/19 for County Hall major end of life replacements (as advised in previous Medium Term Financial Strategies) including Rutland Windows and Penn Lloyd heating distribution replacement
- £700,000 for the refurbishment of office accommodation in Loughborough for locality based teams
- £400,000 for the future strategy of Snibston & Country Park in North West Leicestershire in 2017/18 (£1.4m total capital expenditure with £1m capital receipt expected)
- £150,000 for a revenue generating Café and Education Centre at the Beacon Hill Country Park in Charnwood
- £250,000 in 2017/18 (£900,000 over the four years of the MTFs) respectively for general repairs, maintenance and improvements to the existing Industrial Properties and County Farms estates which will result in improved occupancy levels, achievement of earnings and reduced reactive maintenance costs

## Future Developments

46. Where capital projects are not yet fully developed or plans agreed these have been included under the heading of 'Future Developments' under the department's programme in Appendix D. It is intended that as these schemes are developed during the year and where there is a financial justification, or an investment required to maintain delivery of the service, they are included in the capital programme. £9.7m is being held corporately to fund future capital schemes on a prioritisation basis.
47. The potential programmes and schemes that may require capital investment in the future include:
- Information & Technology enabling projects and major systems replacement;
  - The Leicestershire, Leicester and Rutland Health & Social Care Single Point of Access project (LLR POA)
  - Commercial investments which will generate a positive ongoing revenue benefit
  - A Workplace Strategy which follows on from the previous County Hall Master Plan and other Accommodation Review successes.

## Background Papers

- Cabinet : 13 December 2016 – Medium Term Financial Strategy 2017/18 to 2020/21

## Circulation under local issues alert procedure

None.

## Officers to Contact

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

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

Sara Smith, Finance Business Partner  
 Tel: 0116 305 7869  
 E-mail: [sara.smith@leics.gov.uk](mailto:sara.smith@leics.gov.uk)

## Appendices

- Appendix A – Revenue Budget 2017/18
- Appendix B – Growth
- Appendix C – Savings
- Appendix D – Capital Programme 2017/18 – 2020/21

## **Equality and Human Rights Implications**

48. 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.
49. 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.
50. Proposals in relation to savings arising out of a reduction in posts will be subject to the County Council Organisational Change policy which requires an Equality Impact Assessment to be undertaken as part of the action plan.

This page is intentionally left blank

## CORPORATE RESOURCES - REVENUE SUMMARY 2017/18

## Appendix A

Budget 2016/17 £		Employees £	Running Expenses £	Internal Income £	Gross Spend £	External Income £	Net Total £
<b>Strategic Finance, Assurance, Property &amp; EMSS</b>							
£1,490,033	Strategic Property	£1,069,670	£581,860	£-110,000	£1,541,530	£-70,500	£1,471,030
£2,682,316	Strategic Finance & Investments	£2,736,788	£212,302	£-194,941	£2,754,149	£-136,202	£2,617,947
£550,000	Business Support Finance	£516,095	£13,000	£0	£529,095	£0	£529,095
£391,407	Internal Audit	£850,348	£26,500	£-280,000	£596,848	£-236,441	£360,407
£1,631,000	Insurance	£265,530	£2,868,714	£-1,181,700	£1,952,544	£-133,660	£1,818,884
£283,648	Corporate Projects	£0	£162,327	£0	£162,327	£0	£162,327
£0	Pensions	£907,363	£0	£0	£907,363	£-907,363	£0
£1,385,280	East Midlands Shared Services	£3,618,358	£1,873,030	£-75,770	£5,415,618	£-4,193,999	£1,221,619
<b>£8,413,684</b>	<b>Total Director of Finance</b>	<b>£9,964,151</b>	<b>£5,737,733</b>	<b>£-1,842,411</b>	<b>£13,859,473</b>	<b>£-5,678,165</b>	<b>£8,181,309</b>
<b>People, Information &amp; Technology and Transformation</b>							
£955,346	Human Resources	£1,744,084	£59,050	£-278,088	£1,525,046	£-678,866	£846,180
£455,985	Health & Safety	£599,557	£47,600	£0	£647,157	£-236,200	£410,957
£154,739	Trade Union	£183,110	£1,350	£0	£184,460	£0	£184,460
£2,209,545	Learning & Development	£1,324,525	£1,034,670	£-105,563	£2,253,632	£-507,289	£1,746,343
£242,578	Emergency Management & Resilience	£495,200	£32,444	£0	£527,644	£-261,645	£265,999
£846,742	Commissioning Support Unit	£840,747	£25,150	£-50,000	£815,897	£0	£815,897
£9,280,528	Information & Technology	£6,382,913	£3,672,230	£-720,792	£9,334,351	£-78,958	£9,255,393
£1,093,410	Transformation Unit	£2,975,742	£2,308,974	£-4,216,306	£1,068,410	£0	£1,068,410
£0	Centre of Excellence	£741,248	£608,752	£-150,000	£1,200,000	£-1,200,000	£0
<b>£15,238,873</b>	<b>Total Corporate Services</b>	<b>£15,287,127</b>	<b>£7,790,220</b>	<b>£-5,520,749</b>	<b>£17,556,597</b>	<b>£-2,962,958</b>	<b>£14,593,639</b>
<b>Customer &amp; Property Services (excl trading)</b>							
£1,904,629	Customer Service Centre	£1,952,751	£20,000	£-118,000	£1,854,751	£0	£1,854,751
£901,346	CR Management and Business Support	£882,395	£46,040	£-32,700	£895,735	£0	£895,735
£1,262,215	Marketing and Communications	£1,089,063	£352,775	£-183,975	£1,257,863	£-45,000	£1,212,863
£469,108	Supported Employment	£444,474	£0	£0	£444,474	£0	£444,474
£5,853,461	Property and facility costs	£1,418,081	£4,377,585	£-34,110	£5,761,556	£-297,377	£5,464,179
£2,709,000	Major Building Condition Improvement Works	£0	£4,390,000	£-1,378,000	£3,012,000	£0	£3,012,000
£-907,230	Farms and Industrial Properties	£79,730	£1,902,321	£0	£1,982,051	£-2,968,000	£-985,949
<b>£12,192,529</b>	<b>Total Customer &amp; Property Services</b>	<b>£5,866,493</b>	<b>£11,088,721</b>	<b>£-1,746,785</b>	<b>£15,208,429</b>	<b>£-3,310,377</b>	<b>£11,898,052</b>
<b>£-1,587,086</b>	<b>Total Commercial Services</b>	<b>£12,874,443</b>	<b>£9,597,666</b>	<b>£-8,604,550</b>	<b>£13,867,558</b>	<b>£-16,057,558</b>	<b>£-2,190,000</b>
<b>£10,605,443</b>	<b>Total Customer &amp; Commercial Services</b>	<b>£18,740,935</b>	<b>£20,686,387</b>	<b>£-10,351,335</b>	<b>£29,075,987</b>	<b>£-19,367,935</b>	<b>£9,708,052</b>
<b>£34,258,000</b>	<b>TOTAL CORPORATE RESOURCES</b>	<b>£43,992,214</b>	<b>£34,214,340</b>	<b>£-17,714,495</b>	<b>£60,492,058</b>	<b>£-28,009,058</b>	<b>£32,483,000</b>

This page is intentionally left blank

**Corporate Resources****APPENDIX B**

Reference		2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
	<b><u>GROWTH</u></b>				
	<b><u>CORPORATE RESOURCES</u></b>				
	<b>Demand &amp; cost increases</b>				
**	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
	<b>Total</b>	<b>535</b>	<b>765</b>	<b>745</b>	<b>745</b>

\* items unchanged from previous Medium Term Financial Strategy

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

This page is intentionally left blank



**Corporate Resources****APPENDIX C**

Reference	Eff/SR/ Income	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
-----------	-------------------	-----------------	-----------------	-----------------	-----------------

**SAVINGS****References used in the following tables**

\* items unchanged from previous Medium Term Financial Strategy

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

Eff - Efficiency saving

SR - Service reduction

Inc - Income

**CORPORATE RESOURCES****Transformation**

**	CR1	Eff/Inc	Increasing Commercial Services contribution	-500	-1,250	-2,000	-2,000
			<b>Total</b>	<b>-500</b>	<b>-1,250</b>	<b>-2,000</b>	<b>-2,000</b>

**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	0	-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
			<b>Total</b>	<b>-1,810</b>	<b>-3,590</b>	<b>-3,580</b>	<b>-3,600</b>
			<b>TOTAL</b>	<b>-2,310</b>	<b>-4,840</b>	<b>-5,580</b>	<b>-5,600</b>

This page is intentionally left blank

**CORPORATE RESOURCES CAPITAL PROGRAMME 2017/18 to 2020/21**

**APPENDIX D**

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
<b>ICT:</b>					
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
<b>Sub total ICT</b>	<b>685</b>	<b>1,260</b>	<b>710</b>	<b>425</b>	<b>3,080</b>
<b>Property</b>					
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
<b>Sub total Property</b>	<b>2,200</b>	<b>1,950</b>	<b>400</b>	<b>400</b>	<b>4,950</b>
<b>Total Corporate Resources</b>	<b>2,885</b>	<b>3,210</b>	<b>1,110</b>	<b>825</b>	<b>8,030</b>

<b>Future Developments - subject to further detail and approved business cases</b>					
<b>Cross Cutting projects</b>					
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

This page is intentionally left blank