



Meeting: **Scrutiny Commission**

Date/Time: **Wednesday, 24 January 2018 at 10.30 am**

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

Contact: **Mrs R Whitelaw (Tel: 0116 305 6098)**

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Membership

Mr. S. J. Galton CC (Chairman)

Mr. D. C. Bill MBE CC Mrs. R. Page CC
Mr. L. Breckon JP CC Mr. A. E. Pearson CC
Mr. M. H. Charlesworth CC Mr. T. J. Richardson CC
Dr. T. Eynon CC Mrs H. L. Richardson CC
Mr. D. Jennings CC Mr. D. Slater CC

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– 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 15 November 2017.	(Pages 5 - 12)
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 2018/19 to 2021/22 - 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, and Mr. J. B. Rhodes CC, the Deputy Leader and Cabinet Lead Member for Finance and Resources, have been invited to attend for the Medium Term Financial Strategy (MTFS) items.

A copy of the full MTFS Report and appendices considered by the Cabinet on 12 December 2017 is attached for Commission members only on **PINK** paper.

9. Medium Term Financial Strategy 2018/19 to 2021/22 - Chief Executive's Department. Chief Executive and Director of Corporate Resources (Pages 13 - 28)
10. Medium Term Financial Strategy 2018/19 to 2021/22 - Corporate Resources and Corporate Items. Director of Corporate Resources (Pages 29 - 52)
11. Medium Term Financial Strategy 2018/19 to 2021/22 - 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 and Families Overview and Scrutiny Committee (meeting held: 15 January)
- Adults and Communities Overview and Scrutiny Committee (meeting held: 16 January)
- Environment and Transport Overview and Scrutiny Committee (meeting held: 18 January)
- Health Overview and Scrutiny Committee (meeting held: 22 January)

12. Date of next meeting.

The next meeting of the Commission is scheduled to take place on 7 February at 2.00pm.

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

QUESTIONING BY MEMBERS OF OVERVIEW AND SCRUTINY

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

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

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

Key Questions:

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

If it is a new service:

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

If it is a reduction in an existing service:

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

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Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Wednesday, 15 November 2017.

PRESENT

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

Mr. D. C. Bill MBE CC
 Dr. T. Eynon CC
 Dr. S. Hill CC
 Mr. D. Jennings CC
 Mrs. R. Page CC

Mr. T. J. Richardson CC
 Mrs H. L. Richardson CC
 Mrs B. Seaton CC
 Mr. D. Slater CC

In attendance.

Mr N J Rushton CC – for minutes 43 and 44

36. Minutes.

The minutes of the meeting held on 13 September 2017 were taken as read, confirmed and signed.

37. Question Time.

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

38. Questions asked by members under Standing Order 7(3) and 7(5).

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

39. Urgent Items.

There were no urgent items for consideration.

40. 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.

All members who were also district councillors declared a personal interest in all items on the agenda.

41. Declarations of the Party Whip in accordance with Overview and Scrutiny Procedure Rule 16.

There were no declarations of the party whip.

42. Presentation of Petitions under Standing Order 36.

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

43. Leicestershire County Council's Strategic Plan 2018 - 2022.

The Commission considered a joint report of the Chief Executive and Director of Corporate Resources which set out the results of an engagement process with key stakeholders on the County Council's revised Strategic Plan 2018 – 2022, presented the revised Strategic Plan and outlined the changes required to deliver an outcomes-based approach in the Council. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Chairman welcomed the Leader of the Council, Mr N J Rushton CC, to the meeting for this item. Mr Rushton thanked the Committee for the comments it had made when it had previously considered the matter. These had led to significant changes being made to the Strategic Plan. Mr Rushton confirmed that the Strategic Plan would drive the Council's agenda and inform the Medium Term Financial Strategy (MTFS) to enable departments to focus on delivering their strategic priorities. The Transformation Programme would also be refreshed so that it could be aligned to the outcomes in the Plan. Achievements would be monitored through the Annual Delivery Report.

Arising from discussion the following points were raised:-

- (i) The Commission welcomed the revised Strategic Plan and was pleased to note that the comments and concerns it had raised previously had been taken into account. In particular, the Commission was pleased to see the introduction of a performance framework with measurable outcomes to support delivery of the Plan.
- (ii) It was suggested that the performance framework should include measures related to economic development and transport infrastructure, such as housing developments being linked to employment sites or a reduction in the number of people unable to get a job due to a lack of transport. It was confirmed that the performance framework was still being developed and consideration would be given to the inclusion of these measures. References in the Strategic Plan to transport infrastructure and access to employment had been strengthened following feedback from the Scrutiny Commission and stakeholders.
- (iii) Some concern was expressed that the measures identified in the performance framework for ensuring that cultural and historical heritage and the natural environment was enjoyed and conserved would not provide sufficient protection for the environment. This should be addressed through the development of performance measures relating to open spaces, especially given the positive impact these had on mental health, and biodiversity. It was also suggested that there was a conflict between the Council's roles of promoting economic development and protecting the environment. The Commission was assured that, despite the requirement for housing to be built across Leicestershire, there would be an emphasis placed on protecting the green spaces and areas that people valued.
- (iv) Concern was expressed that not all of the Council's key strategic partners had responded to the Plan. However, the Commission was assured that, where

responses had been received from partners, these had generally been positive and confirmed that there was alignment with the strategic direction of their own organisations.

- (v) The Commission emphasised the importance of communicating the final version of the Strategic Plan to partners so that they were aware of the Council's strategic priorities and future areas of focus. It was confirmed that the Plan would be made available on the Council's website, shared with partners including MPs and publicised through the mainstream media and social media.
- (vi) It was noted that delivery of some of the outcomes in the Strategic Plan would rely on partnership working. The County Council aimed to foster good relationships with partners and the bid to be a pilot area for the retention of business rates was a good example of successful partnership working. With regard to the outcome around affordable and quality homes, although the Council was not the relevant Local Planning Authority, its influence would come through its support to the planning process as the Highways Authority and the provision of services such as Supported Living.

RESOLVED:

- (a) That the revised Strategic Plan be welcomed;
- (b) That the comments now made be submitted to the Cabinet for consideration at its meeting on 24 November.

44. Working Together to Build Great Communities: The Leicestershire Communities Strategy 2017 - 2021.

The Commission considered a report of the Chief Executive which provided an opportunity to comment on the Communities Strategy before its consideration by the Cabinet and to report on progress in developing a Communities Strategy Action Plan. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

In his introduction to the report, the Chief Executive advised that the Communities Strategy would support delivering of the 'Great Communities' outcome in the Strategic Plan and would also facilitate communities to contribute towards delivery of the other four outcomes.

It was also reported that the "Communities Summit", which had taken place the previous week, had been well attended and the new Strategy had been positively received. The emphasis had been on Parish and Town Councils and the County Council working collaboratively to support communities. Community groups attending had used the opportunity to share examples of good practice with each other. Some of these community led initiatives would be used as case studies to illustrate the final version of the Strategy.

The Chairman welcomed the Leader of the Council, Mr N J Rushton CC, to the meeting for this item. Mr Rushton advised that he was keen for the Council to help and support Parish and Town Councils to take on additional responsibilities where they felt able to do so.

Arising from discussion the following points were raised:-

- (i) Not all areas of the County had a Parish or Town Council. It was noted that the Council also provided support to community groups and this was especially important in unparished areas. Some members expressed the view that all areas of the County should be parished. However, this process was led by district councils through a Community Governance Review.
- (ii) The Commission welcomed the positive work already undertaken by the Council to support community groups. Hermitage FM and Thurmaston Library were cited as examples of successful community projects which had benefitted from the County Council's input.
- (iii) The importance of removing barriers and simplifying processes to make it easier for Parish and Town Councils or community groups to deliver services was emphasised. It was also felt that advice and expertise from the County Council would be useful for these bodies. The Commission was advised that a limited resource was available from the Communities Team and some support for specific issues such as road closures for Remembrance Sunday was available from the relevant department. Following feedback from events held for Parish Councils, consideration would be given to establishing simpler and more efficient communications channels.
- (iv) It was noted that support to community groups would also be delivered through Voluntary Action Leicestershire (VAL). The County Council had a service level agreement with VAL to provide appropriate infrastructure and support to the voluntary sector.
- (v) The Communities Strategy would be supported by an action plan which would contain details of the activity needed to deliver the Strategy. This would apply to the whole Council as each department would have actions for which it was responsible. The action plan was currently being developed.

RESOLVED:

That the comments now made be submitted to the Cabinet for consideration at its meeting in December 2017.

45. Annual Delivery Report and Performance Compendium 2017.

The Commission considered a report and presentation from the Chief Executive which presented the draft Annual Delivery Report and Performance Compendium for 2017. A copy of the report marked 'Agenda Item 10' and the slides forming the presentation is filed with these minutes.

Arising from discussion the following points were raised:-

- (i) The Commission welcomed the overall message of the report; that the County Council performed well but that there were risks and issues in the future if a fairer funding settlement was not received from the Government. It was suggested that a summary version of the report, highlighting the key messages, should be produced.

- (ii) The narrative in the Annual Delivery Report was largely intended to look back at performance during the previous year. However, the Council also had a responsibility to undertake effective forward planning and some of the narrative in the report therefore reflected the emerging priorities for the coming year.
- (iii) The County Council had limited influence over the performance of academies. This was now the responsibility of the academies themselves and was expected to be driven by market forces. The County Council had a role through the Leicestershire Education Excellence Partnership (LEEP) and through sharing performance data with schools to help them identify areas for improvement.
- (iv) Concern was expressed by some members that the sections in the Annual Delivery Report relating to economic development and strategic transport included proposals which residents had not yet been consulted on and that the cumulative effect of developments on the landscape, particularly in the south of the county, was not yet understood. The Commission was assured that the key plans outlined in the report which affected the economy had all previously been considered by the Cabinet and the Scrutiny Commission. Each stage of the Strategic Growth Plan would also be considered by the Commission prior to being submitted to the Cabinet. It was acknowledged that the reliance on partnership working to deliver economic development meant that the governance and accountability process for this area were complicated. However, it was important for the Council to engage effectively with these partnerships, especially regional partnerships such as the Midlands Engine.
- (v) The Government had committed to honouring funding for projects supported by the EU Structural Investment Fund until 2019. It was thought that a new Shared Prosperity Growth Fund was being developed nationally which would replace EU funding. The County Council should be able to bid for funding from this.
- (vi) Although the most recent bid for national funding for the Desford Crossroads transport scheme had not been successful, the scheme was still a priority for the County Council and further bids for funding would be made when the opportunity arose.
- (vii) It was suggested that details of the work of the Leicestershire Market Towns Group to help maximise the economic contribution of towns should be reported to a future meeting of the Scrutiny Commission. The Commission was advised that it would be appropriate to wait until the outcome of the bid for piloting local retention of business rates was known as, if successful, this could result in more funding being available for economic development in market towns.

Mr D C Bill CC asked for it to be placed on record that he opposed the section of the Annual Delivery Report relating to the economy and strategic transport as he felt that consultation with the affected communities on the cumulative impact of development in South Leicestershire had not yet been undertaken.

RESOLVED:

- (a) That the comments now made be submitted to the Cabinet for consideration at its meeting on 24 November;
- (b) That the work of staff across the County Council be recognised and appreciated;

- (c) That officers be requested to submit a report on the work of the Leicestershire Market Towns Group to a future meeting of the Scrutiny Commission.

46. Fit for the Future Update.

The Commission considered a report of the Director of Corporate Resources which explained the overall approach being adopted to replace the Oracle e-Business Suite as part of the County Council's partnership with Nottingham City Council, to outline the approach to procurement and also to advise members of the intention to deliver this change as a transformation programme and not just as a system implementation. A copy of the report marked 'Agenda Item 11' is filed with these minutes.

In the ensuing discussion the following points were raised-

- (i) It was confirmed that the indicative cost of £10 million related to implementation costs. This would be split between the County Council and Nottingham City Council. There would also be an annual cost relating to the license for the software and its maintenance. It was anticipated that this cost would be significantly less than the annual cost of the current Oracle system. A number of workarounds were in use within the current system and the full functionality was not being maximised. There was an opportunity to make considerable improvements within the new implementation that would address these issues.
- (ii) Members welcomed the robust approach being taken to the procurement of the new system and felt that lessons had been learnt from the procurement of Oracle. In particular, the appointment of an external partner, Capgemini, to advise the two Councils on the process was felt to be useful. The Commission was advised that the risks of implementing the new system included delivery in accordance with timescales, the need to have clear outcomes from the outset and alignment with the implementation partner. However, there was confidence that the governance arrangements were sufficient to ensure that risks would be managed and the new system implemented effectively.
- (iii) The new contract would be for at least five years, with an option to extend it for 15 years. The business case would be based on a return on investment within seven years. It was noted that the County Council had not considered outsourcing HR and payroll services due to the belief that it could be delivered more effectively through its joint shared service arrangements with Nottingham City Council. In addition, the East Midlands Shared Service provided services for Leicestershire academies and therefore generated income for the County Council.

RESOLVED:

That the approach being adopted to replace the Oracle e-Business Suite as part of the County Council's partnership with Nottingham City Council be noted.

47. 2017/18 Medium Term Financial Strategy Monitoring (Period 6).

The Commission considered a report of the Director of Corporate Resources which provided an update on the 2017/18 revenue budget and capital programme monitoring position. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

Arising from discussion the following points were raised:-

- (i) The outcome of the bid to pilot the retention of local business rates would be known by mid-December. If successful, Leicestershire would receive an extra £19 million, of which £6 million would be spent on the Public Realm and £7 million on infrastructure to unlock growth. Some of the remaining funds would be directed to cost pressure areas such as Children's Social Care and the remainder would be divided between the organisations involved in the bid.
- (ii) The Homecare service was forecast to overspend due to an increase in the number of service users during the past month. It was not yet known whether this was a result of people switching from direct payments or new people coming into the service. The Commission was assured that the department as a whole was underspent and was therefore managing demand successfully.
- (iii) It was noted that there was a risk that the Improved Better Care Fund (IBCF) monies could be withdrawn if the health and care system's performance on delayed transfers of care did not meet the target set by NHS England. The Commission was advised that, although the County Council as an individual organisation was performing comparatively well in this area, this remained a risk going forward into 2018/19. The Director of Finance undertook to provide details of the exact figure that was at risk.
- (iv) The Corporate Asset Investment Fund Project at the Leaders Farm Industrial Estate in Lutterworth related to building a headquarters for a company to use. The building would be leased out to that company and would therefore generate income for the Council.

RESOLVED:

That the 2017/18 revenue budget and capital programme monitoring position be noted.

48. Review of Earmarked Funds and Balances.

The Commission considered a report of the Director of Corporate Resources which set out the findings of a detailed review of revenue earmarked funds and balances. A copy of the report marked 'Agenda Item 13' is filed with these minutes.

Arising from discussion the following points were raised:-

- (i) The Director of Finance undertook to clarify the funding arrangements for the School Music Service.
- (ii) It was confirmed that the Medium Term Financial Strategy (MTFS) took account of the impact of the national living wage. The refresh of the MTFS would reflect the latest national forecast.
- (iii) The Local Authority Mortgage Scheme had been successful both in terms of supporting approximately 400 first time buyers to access the housing market and also by generating the County Council a return on investment of approximately three percent.

RESOLVED:

That the findings of the review of revenue earmarked funds and balances be noted.

49. Date of next meeting.

It was noted that the next meeting of the Commission would be held on 24 January 2018 at 10.30am.

An additional meeting of the Scrutiny Commission to consider the Strategic Growth Plan would take place on 7 February 2018 at 2.00pm.

2.00 - 5.10 pm
15 November 2017

CHAIRMAN



SCRUTINY COMMISSION: 24 JANUARY 2018

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

MEDIUM TERM FINANCIAL STRATEGY 2018/19–2021/22

Purpose of Report

1. The purpose of this report is to:
 - a) Provide information on the proposed 2018/19 to 2021/22 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 the Cabinet accordingly.

Policy Framework and Previous Decisions

2. The County Council agreed the current MTFS in February 2017. This was the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2018/19–2021/22 was considered by the Cabinet on 12 December 2017.

Background

3. The MTFS is set out in the report to Cabinet on 12 December 2017, 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 are being presented to the relevant Overview and Scrutiny Committees. The Cabinet will consider the results of the scrutiny process on 9 February 2018 before recommending a MTFS, including a budget and capital programme for 2018/19 to the County Council on t 21 February 2018.

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 and Leicestershire Enterprise Partnership (LLEP), the Economic Growth Board, 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.

Proposed Revenue Budget

7. The table below summarises the proposed 2018/19 revenue budget and provisional budgets for the next three years. The proposed 2018/19 revenue budget is shown in detail in Appendix A.

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Original prior year budget	9,737	10,003	9,973	9,968
Budget Transfers and Adjustments	611	0	0	0
Sub total	10,348	10,003	9,973	9,968
Add proposed growth (Appendix B)	170	0	0	0
Less proposed savings (Appendix B)	-515	-30	-5	-75
Proposed/Provisional net budget	10,003	9,973	9,968	9,893

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 2018/19 is £13.7m with contributions from grants, health transfers and service user contributions projected of £3.7m. The proposed net budget for 2018/19 totals £10.0m and is distributed as follows:

Net Budget 2018/19	£000	%
Democratic Services, Administration and Civic Affairs	1,635	16.3
Legal Services	1,858	18.6
Strategy and Business Intelligence	3,539	35.4
Emergency Management & Resillience	248	2.5
Regulatory Services	2,150	21.5
Planning, Historic and Natural Environment	451	4.5
Departmental Items	122	1.2
Department Total	10,003	100.0

Other Changes and Transfers

11. A number of budget transfers (totalling a net increase of £0.6m) were made throughout the 2017/18 financial year and are now adjusted for in the updated original budget.

12. These transfers are:

£0.3m for pay, national insurance and pension inflation transferred from the central inflation contingency;

£0.3m for the transfer in from Corporate Resources of the budget for the Emergency Management and Resilience function. This is due to a change in responsibilities to recognise the links this service has with functions undertaken within the Strategy and Business Intelligence Service.

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 over the next four years in total is £0.2m all of which will be required in 2018/19. The budget increases are outlined below and summarised in Appendix B.

17. ** G20 Signposting and Community Support Service; £100,000 in 2018/19

In 2015/16 the funding received for Local Welfare Provision (LWP) grant was discontinued. This funding was used to support some of the most vulnerable residents in Leicestershire. From 2015/16 the replacement Signposting and Community Support Service was introduced, using LWP grant from earlier years. The replacement service ensures this group of residents will still be supported to access assistance and not slip into hardship. This will include direct support in the form of food, fuel and limited reused household goods within the budget available. From 2018/19 the growth is to replace the grant monies.

18. G21 Legal Increased Caseloads and Complexity; £80,000 in 2018/19

A review of the management structure for Legal services is required to deal with the increasing number and complexity of cases being dealt with. Service transformation and commercialisation across the organisation is generating legal work which is more complex, high value and often requires urgent responses. Coupled with significant increases in the number of social care cases and school appeals, this has increased both legal workloads and supervision workloads for Team Leaders.

In social care work the numbers of cases has greatly increased in recent years, relating to both adults and family cases. In 2017/18 there are expected to be 112 adult cases relating to Court of Protection compared to none in 2013/14. In respect of family cases, these have increased from 82 in 2013/14 to an estimated 150 this year.

It has been agreed that a number of additional solicitor posts for social care cases will be funded from 2017/18 onwards by Children and Family Services (CFS) and Adults and Communities and therefore the supervision workload is increasing. Prior to the additional funding being agreed, this work had been undertaken externally at a higher cost to the authority and outsourcing has also led to service quality issues.

19. G22 Acquisition Legal Costs for Asset Investments; £140,000 in 2018/19

The County Council has an aspiration to invest £200 million in commercial asset investments. This growth is to fund two specialist solicitors and one assistant solicitor post to deal with the anticipated additional non-routine property based legal work required to acquire suitable high value properties/land. The additional resource will be through permanent appointments which will be at a lower cost than using agency staff. This activity will be undertaken on an ongoing basis as the property portfolio will be regularly reviewed and both acquisitions and disposals will be required.

Following a review of workload since the decision by the Cabinet on 12 December 2017, this growth item has been reduced to £75,000 and this revised proposal will be reported to the Cabinet on 9 February 2018.

20. **G23 Growth Not Required - Combined Authority Contribution; £150,000 in 2018/19

A growth bid was included in 2017/18 to support the creation and administrative running of a Combined Authority. However this funding is no longer required.

Savings

21. Details of proposed savings are set out in Appendix B and total £0.5m in 2018/19 rising to £0.6m over the next four years.

Transformation Savings

22. CE1 Eff Review of Staff Absence; £5,000 in 2019/20 increasing to £10,000 in 2020/21

To reflect the support being put in place to reduce staff absence a financial target has been allocated to all departments. This reflects the intention to meet or exceed the County Council's target of 7.5 days per FTE. The target is phased as 50% in 2019/20 and 100% in 2020/21 to allow time for improvement to take effect. This is the savings target for the whole department.

Departmental Savings

23. * CE2 SR Funding and support to agencies; £20,000 in 2018/19

This is the final part of a £256,000 saving which commenced in 2015/16. The balance of the saving has been made from a number of under-utilised budgets within the Policy, Economic and Community activity and this is expected to have a minimal impact on the service.

24. ** CE3 Eff Democratic Services, Administration and Civic Support review; £30,000 in 2018/19

There is a budget reduction in relation to civic hospitality expenditure. Hospitality is planned on an annual basis, and the service to be provided in 2018/19 will be tailored to the reduced funding.

25. * CE4 Eff Legal Services review; £80,000 in 2018/19

The majority of the saving is expected to be made from increased traded income and turnover savings, however £25,000 remains unidentified. The service is currently reviewing under-utilised budgets in order to identify the remaining balance.

26. * CE5 SR Review Planning, Historic and Natural Environmental Services; £40,000 in 2018/19

The savings will be achieved through staffing reductions. Vacancies are currently being held to facilitate this approach.

27. * CE6 SR Review of Community Centre funding; £15,000 in 2018/19

A decision was made by the Cabinet on 23 June 2017 to transfer trusteeship for Thringstone Community Centre across to the Charles Booth Centre Charitable Incorporated Organisation (CIO). This saving has been implemented during 2017/18 as the transfer took place in November 2017.

Staffing and running costs previously incurred by the authority have transferred in full to the CIO, thereby generating the saving.

28. * CE7 Eff Trading Standards – Service Review; £60,000 in 2018/19

The savings will be made from reducing the number of agency staff used, in part due to the appointment of permanent staff into the new structure that has been implemented, and in part by reducing inspection and investigation activities. This will be done by prioritising resources to areas that present the greatest degree of harm to consumers and the local economy.

29. * CE8 SR Review of Shire Community Grants; £70,000 in 2018/19

The Shire Community Grant Fund is a key element of the Council's Communities Strategy, and provides opportunities for community groups to develop and deliver impactful projects working with vulnerable people. The grants are awarded during the year, and the total available for 2018/19 will be reduced.

The remaining Shire Community Grants fund will be £350,000, including the capital programme allocation (£100,000).

30. ** CE9 SR Review funding for economic development activity to external agency; £100,000 in 2018/19 rising to £200,000 in 2021/22

This is the balance of a £300,000 saving, which commenced in 2017/18, covering a number of economic development activities.

The remaining saving is made up of: £55,000 from ceasing the LLEP grant from 1st April 2018, which has been actioned; £20,000 is by reducing funding for rural initiatives which will be implemented in 2018/19; and £125,000 is due to reducing funding over the next four years for tourism/inward investment.

This last element will be achieved by the setting up of a jointly owned Place Management Organisation (PMO) with Leicester City Council, which is expected to be financially self-supporting by 2021/22.

31. *CE10 Eff/SR Early help and Prevention Review – reduced contribution to community capacity building; £100,000 in 2018/19

The Cabinet approved the Early Help and Prevention Strategy on 17 June 2016. One of the recommendations from the Review which informed the Strategy was that a review of the current community capacity building contract should be undertaken in order to focus resources on the key indicators which support the Community Strategy. The contract identified has been de-commissioned with effect from April 2018.

External Influences

32. Internal increased demands for Business Intelligence: the service is getting more involved in operational reporting in line with the vision of the Data and Business Intelligence Strategy. Service transformation and commercialisation is also a factor in increasing demand for the service.
33. Brexit: Changes to legislation and court decisions which impact on the Council's powers and duties will impact on the workload of Legal Services. Given the Council's commissioning and procurement position, the eventual legislation that deals with Brexit will have a major impact.

Brexit will have a significant impact on local authority Trading Standards services in terms of supporting businesses through the envisaged regulatory transition, and could also impact on the levels of enforcement action within the service.

The impact of Brexit on the local economy is being assessed through a Business Survey commissioned by the LLEP with the support of the County Council.

34. Demand Led Activity: Legal services activity in relation to social care litigation, civil and criminal litigation is demand led. An increase in the local population, in particular, an ageing population, will place more demand on Trading Standards services to tackle scams and other forms of financial abuse.

Other Funding Sources

35. For 2018/19, the following government grants are expected:
- i. The Police and Crime Panel Grant (£53,000 in 2017/18) provides funding towards the administration and member expenses for the panel locally. The level of funding has yet to be confirmed for 2018/19.
 - ii. The Local Reform and Community Voices Grant (£285,000 in 2017/18) 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 (ICAS) provides support to people who wish to make a complaint about the service they have received from the NHS. The level of funding has yet to be confirmed for 2018/19.

Capital Programme

The Chief Executive's Department capital programme totals £3.9m in 2018/19 and £6.8m over the next four years. Details are provided at Appendix C and in the following paragraphs.

36. Rural Broadband; £3.8m in 2018/19 rising to £6.4m in 2019/20

The County Council is the Lead Body for the Superfast Leicestershire Programme, which across Phases 1 and 2 should ensure that 97% of properties in Leicestershire have access to superfast broadband. Phase 2 is now nearing completion and Phase 3 is expected to start in Summer/Autumn 2018. Phase 3 is proposed to cover the remaining most remote 3%, approximately 13,000 properties, but is subject to the consideration of cost effectiveness during the procurement process. There is expected to be future gainshare clawback from Phase 1 which will be returned to the Council in 2023. This has been estimated in conjunction with BDUK to be £4.5 to £5m and was reported to the Cabinet in June 2017.

The funding for Phase 3 includes £1.9m underwriting by the Council, pending repayment from BT in 2023. The balance of the project will be funded by the existing broadband earmarked reserve.

37. Shire Community Solutions Grants; £100,000 in 2018/19

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. The revenue funding is subject to a saving in 2018/19 as outlined at paragraph 29.

38. Future Developments

Relocation of Hinckley Registry Office; £170,000 in 2018/19: A feasibility study on a potential new location is being produced, and therefore the costings may be subject to change. A new location is being considered in order to have a more attractive location to generate increased income from ceremonies. A business case will be required before this project can progress.

Equality and Human Rights Implications

39. 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.

40. 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.
41. 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.

Background Papers

Cabinet: 12 December 2017 – Medium Term Financial Strategy 2018/19 to 2021/22
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4866&Ver=4>

Circulation under local issues alert procedure

None.

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Appendices

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

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CHIEF EXECUTIVE'S DEPARTMENT**REVENUE BUDGET 2018/19**

Budget 2017/18 £		Employees £	Running Expenses £	Internal Income £	Gross Budget	External Income £	Net Total £
	DEMOCRATIC SERVICES, ADMIN & CIVIC AFFAIRS						
1,339,531	Democratic Services and Administration	1,284,416	125,290	-6,500	1,403,206	-63,333	1,339,873
114,000	Subscriptions	0	114,000	0	114,000	0	114,000
211,483	Civic Affairs	69,399	155,000	0	224,399	-43,000	181,399
1,665,014	TOTAL	1,353,816	394,290	-6,500	1,741,606	-106,333	1,635,273
1,718,250	LEGAL SERVICES	2,651,706	147,350	-474,275	2,324,781	-466,500	1,858,281
3,741,149	STRATEGIC AND BUSINESS INTELLIGENCE	3,340,327	2,130,340	-1,040,281	4,430,386	-891,586	3,538,800
267,701	EMERGENCY MANGEMENT AND RESILLIENCE	484,902	52,634	0	537,536	-289,461	248,075
	REGULATORY SERVICES						
1,459,581	Trading Standards	1,578,249	197,030	-145,000	1,630,279	-231,000	1,399,279
983,485	Coroners	169,382	849,900	0	1,019,282	-40,000	979,282
-239,959	Registrars	830,247	58,410	0	888,657	-1,117,400	-228,743
2,203,107	TOTAL	2,577,879	1,105,340	-145,000	3,538,219	-1,388,400	2,149,819
490,494	PLANNING SERVICES	859,245	233,960	-57,500	1,035,705	-585,000	450,705
262,540	DEPARTMENTAL ITEMS	135,019	647,284	-660,000	122,303	0	122,303
10,348,255	TOTAL CHIEF EXECUTIVES	11,402,894	4,711,198	-2,383,556	13,730,536	-3,727,280	10,003,256

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APPENDIX B

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

	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000

GROWTH

Demand & cost increases

		** G20	Signposting and Community Support Service	100	100	100	100
		G21	Legal - increased caseloads and complexity	80	80	80	80
		G22	Acquisition legal costs for Asset Investments	140	140	140	140
		** G23	Growth for County Council's contribution to the running of the Combined Authority - not required	-150	-150	-150	-150
		Total		170	170	170	170

SAVINGS

Transformation

		CE1	Eff Review of staff absence		-5	-10	-10
		Total		0	-5	-10	-10

Departmental

		* CE2	SR Funding and support to agencies	-20	-20	-20	-20
		** CE3	Eff Democratic Services, Administration and Civic support review	-30	-30	-30	-30
		* CE4	Eff Legal Services review	-80	-80	-80	-80
		* CE5	SR Review Planning, Historic and Natural Environmental Services	-40	-40	-40	-40
		* CE6	SR Review of Community Centre Funding	-15	-15	-15	-15
		** CE7	Eff Trading Standards - Service Review	-60	-60	-60	-60
		* CE8	SR Review of Shire Community Grants	-70	-70	-70	-70
		** CE9	SR Review funding for economic development activity to external agency	-100	-125	-125	-200
		* CE10	Eff/SR Early Help and Prevention Review - reduced contribution to community capacity building	-100	-100	-100	-100
		Total		-515	-540	-540	-615
		TOTAL		-515	-545	-550	-625

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CHIEF EXECUTIVES - CAPITAL PROGRAMME 2018/19 to 2021/22 - Draft

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	Total £000
Shire Community Solutions Grants	100	100	100	100	400
Rural Broadband Scheme					
Rural Broadband Scheme - Phase 2	1,210				1,210
Rural Broadband Scheme - Phase 3	2,590	2,580			5,170
	3,800	2,580	0	0	6,380
Total Chief Executives	3,900	2,680	100	100	6,780

Future Developments - subject to further detail and approved business case					
Coroners relocation					
Relocation of Hinckley Registry Office					

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SCRUTINY COMMISSION: 24 JANUARY 2018

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

MEDIUM TERM FINANCIAL STRATEGY 2018/19–2021/22 **CORPORATE RESOURCES**

Purpose of Report

1. The purpose of this report is to:
 - a) Provide information on the proposed 2018/19 to 2021/22 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 2017. This was the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2018/19–2021/22 was considered by the Cabinet on 12 December 2017.

Background

3. The MTFS is set out in the report to Cabinet on 12 December 2017, 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 9 February 2018 before recommending a MTFS, including a budget and capital programme for 2017/18 to the County Council on 21 February 2018.

Service Overview

5. Corporate Resources (CR) provides a range of front line, traded and support services to achieve the Council's Strategic Outcomes whilst ensuring organisational sustainability

and enabling the transformation of the organisation to be the most efficient and effective it can be through the Digital and Information Technology, People and Workplace and Commercial agendas.

6. The CR department is also undergoing significant change through the Fit For the Future project which will transform the system (replacing Oracle) and ways of working for the functions of Finance, HR, Procurement and East Midlands Shared Services (EMSS).

Proposed Revenue Budget

7. The table below summarises the proposed 2018/19 revenue budget and provisional budgets for the next three years. The proposed 2018/19 revenue budget is shown in detail in Appendix A.

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Original prior year budget	32,483	31,059	30,179	30,129
Budget Transfers and Adjustments	666	0	0	0
Sub total	33,149	31,059	30,179	30,129
Add proposed growth (Appendix B)	390	-20	0	0
Less proposed savings (Appendix C)	-2,480	-860	-50	-2,000
Proposed/Provisional net budget	31,059	30,179	30,129	28,129

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 2018/19 is £76.9m with contributions from grants, ear marked reserves, internal recharges and trading income projected of £45.7m. The proposed net budget for 2018/19 totals £31.1m and is distributed as follows:

Net Budget 2018/19	
Strategic Finance & Property, Assurance and EMSS	£8.0m
Corporate Services - People, Information & Technology and Transformation	£13.9m
Customer and Property Services	£11.8m
Commercial Services net contribution	-£2.6m
Department Total	£31.1m

Other Changes and Transfers

11. A number of budget transfers (totalling a net increase of £0.67m) were made throughout the 2017/18 financial year and are now adjusted for in the updated original budget. These transfers include:
- a) £0.15m of funding transferred from the central inflation contingency for rising building and insurance costs;
 - b) £0.5m for pay (including increments relating to the National Living Wage) and pension inflation transferred from the central inflation contingency;
 - c) £0.12m for contributions towards the Apprenticeship Levy.
 - d) £0.13m from Adults and Communities in order to support the transfer of the Direct Payment Card team in to the Corporate Resources Finance function.
 - e) Less £0.27m following the transfer of the Business Continuity and Emergency Management budgets to the Chief Executive's department.
12. Growth and savings have been categorised in the appendices under the following classification:
- * item unchanged from previous MTFS;
- ** item included in the previous MTFS, but amendments have been made;
- No stars new item.
13. This star rating is included in the descriptions set out for growth and savings below.
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. The total budgeted growth requested is £0.39m over four years, all of which relates to 2018/19. A summary and detail of the growth bids are outlined in Appendix B and the narrative below:
16. ** G20 ICT infrastructure costs and consequences of capital spend – £180,000 2018/19 onwards

Investment in our technology capability and estate has been and is necessary to ensure that systems and working practices are up to date, robust and enable efficiencies. This growth represents:

- The ongoing ICT revenue costs of these investments including £60k to increase system resilience and data security through expenditure on firewalls and server load balancers.
- The other £120k is to provide ongoing maintenance and development of the recently implemented Property Asset Management system now that responsibilities are transferring out of the project environment into the ICT function.

17. **** G22 – Strategic Property Asset resources to manage and develop property assets – £100,000 from 2018/19**

As per the Corporate Asset Investment Fund Strategy (CAIF) approved by the Cabinet on 15 September 2017, the Council's intention is to increase the investment in commercial property assets, increasing the portfolio from £60.8m to £200m over the next five to ten years to generate a targeted 7% return equating to £14m per annum.

This growth bid represents the additional resources required for initial feasibility and other investigative costs (which may not always be capitalised due to their timing or type of spend) as well as the costs of disposing properties no longer required out of the existing estate.

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

Additional resources are required to ensure the Council's compliance with the new EU General Data Protection Regulation that are more comprehensive and comes into force on 25 May 2018. This growth includes the final year of a two year fixed term post to fund the programme of work to develop the required compliance. £90k provides three new posts in line with ongoing compliance with the increased regulations. These posts will be phased in where possible and continuously reviewed in line with accountabilities.

Savings

19. The proposed savings for Corporate Resources total £2.5m for 2018/19 rising to £3.3m in 2019/20 and 2020/21 and increasing to £5.4m from 2021/22.
20. The focus of the savings remains the same as the previous MTFs. The summary of these savings are in Appendix C followed by more details for each saving below:

Transformation Savings

21. *** CR1 Eff Information and Communications Technology (ICT) Review - £705,000 from 2018/19**

A merger of the strategic and operational ICT services was undertaken in 2016/17 with plans to deliver a number of staffing and contract savings totalling £1.2m (£0.5m in 2017/18 and £0.7m in 2018/19) through the provision of providing a seamless cost effective end to end Information and Technology Management service.

The service is forecast to deliver in excess of the 2017/18 target of £0.5m and has identified in detail all the required savings to achieve the balance in 2018/19 which will be delivered from a combination of savings across the service including staff savings from Application Support, Solution Architects and the Service Desk. Running cost reductions have been identified across a number of smaller contracts from a review of the Corporate Network contracts as they have been replaced with more modern technology. Further opportunities will be identified through a new IT and Digital Strategy and the appointment of a new senior post to lead this strategy (funded by additional savings) to start early 2018.

22. ** CR2 – Customer Service Centre (CSC) - £130,000 in 2018/19 rising to £200,000 from 2019/20

The Customer Service Centre (CSC) is the first point of contact for customers of Adult Social Care, Highways and Transport enquiries, Waste Management, Regulatory Services and School Admissions; answering a half a million customer contacts every year across a range of channels.

As part of a number of “system thinking’ initiatives (of which some have already been implemented) a new Customer Relationship Management (CRM) system is planned which will increase automation and the use of performance management information to improve productivity enabling reductions in staffing levels whilst maintaining or improving customer service levels.

In the current year there are £80k of savings forecast compared to budget as a result of a HR Action Plan to reduce management and by holding vacancies. The balance of savings represents a reduction of agents by two full time equivalent (FTE) posts in 2018/19 and a further two FTE agent reductions in 2019/20 post system implementation.

23. CR3 Eff Staff Absence Reduction - £20,000 2019/20 increasing to £45,000 in 2020/21

To reflect the support being put in place to reduce staff absence a financial target has been allocated to all departments. This reflects the intention to meet or exceed the County Council’s target of 7.5 FTE. The target is phased as 50% in 2019/20 and 100% in 2020/21 to allow time for improvement to take effect. This is the savings target for the whole department.

Departmental Savings

24. * CR4 Eff / Inc Increasing Commercial Services contribution - £0.75m 2018/19 increasing to £1.5m by 2019/20

Leicestershire Traded Services (LTS) provides a range of services to over 300 schools and academies across the Midlands (with the largest being school food) as well as operating Beaumanor Hall and Park, Tithe Barn and the Country Parks and Forestry service.

Between 2016 and 2020 LTS has a target to increase the contribution that it makes to Leicestershire County Council by a net £2m through a combination of increased sales, customers and prices and reducing costs.

The approach for LTS to achieve the £2m increased contribution by 2020 is a combination of:

- comprehensive governance, accountability, business planning and target setting;
- commercial focus on finance (e.g. unit costs, pricing and margins);
- seeking “bigger ticket” opportunities such as taking over functions that are outsourced by other public functions and relationships with neighbouring authorities have been developed;
- service re-design; and
- marketing and customer service focus.

Each service has a business plan and detailed budgets comprising of targets to increase sales, reduce operating costs and overheads through efficiencies, and an overall 10% reduction in third party costs. Weekly monitoring and monthly performance meetings are in place to review progress against the plans with managers taking action to remedy any highlighted shortfalls in sale or cost variances.

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.

25. ** CR5 Eff Business Support Review - £30,000 from 2018/19

These savings have already been delivered and represent the full year effect of amalgamating and rationalising a number of CR business support services from Secretariat, Complaints, Transformation and Communications during 2017/18.

26. * CR6 Eff Review of Strategic Finance & Assurance - £325,000 from 2018/19

The Strategic Finance and Assurance function provide financial management, planning and assurance for c£700m of gross annual revenue expenditure and a four year capital programme of £200m. The function comprises of Strategic Finance, Finance Business Support, Internal Audit and Investments.

During 2017/18 Internal Audit took on the work and staff for Leicester City Council for an agreed fee. It has £55k of savings to contribute in 2018/19 which will be achieved from the function's overheads being "spread" further across the work for the two local authorities.

Vacancies in Finance have been held during 2017/18 in anticipation of the forthcoming savings and workloads being re-prioritised contributing approximately half of the £270k target leaving the balance to be delivered through staffing restructures and reductions.

Savings are expected through a Service User Financial Pathway joint project with the Adults and Communities department for which, following a recent "systems thinking" type review, the intention is to create a new Target Operating Model, streamline and standardise processes and optimise the use of the system and performance indicators to both improve the service for users and make efficiency savings. An outline business case was presented to the Transformation Delivery Board at the end of November and a full business case is expected in January 2018 with the aim to implement during the first half of 2018/19.

27. * CR7 Eff Human Resources and Organisation Review (HR and OD) - £300,000 from 2018/19

A savings target was set for HR and OD of £735k comprising £435k in 2017/18 and the £300k balance in 2018/19 to be achieved following a fundamental review of the function with the objectives of creating a clear vision for the service, modernising the offer, revising the target operating model and future proofing it (as far as possible).

There were also clear objectives defined about service integration (both within the function and with other support services) building on the current commercial offering and finding improved ways to manage demand.

The savings will be achieved from an HR Action plan that has already been implemented within HR and OD, Learning and Development budget reductions and a review of other lower priority spend. The majority of savings have now been identified and embedded in detailed budgets for 2018/19.

Additional resources will be required to support the targeted absence programme on an "invest to save" basis. Absence related savings will appear in individual department budgets as all departments have been allocated a target and therefore it is proposed to fund the short term resources from reserves.

28. * CR8 Eff/Inc Operational Property Review - £130,000 from 2018/19

Operational property has been successful over recent years in reducing its net costs by almost a quarter through a combination of staff restructures; a review of framework contracts; increasing trading and rental income and maximising the use of space arising

from the implementation of the Accommodation Strategy followed by the County Hall Master Plan project.

This £130k is the final balance of the original savings target and will be achieved through a number of smaller property savings and the full year effect of increased rental income from the existing industrial and farms estate following improvements and associated price reviews.

New opportunities for further reducing property costs will be considered within an updated Workplace Strategy and the potential new ways of working enabled by technology and other organisational change.

29. * CR9 – Energy & Water Efficiencies - £85,000 2018/19 increasing to £95,000 by 2020/21

On 15 July 2014, the Cabinet agreed a Property 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.

A water strategy has also been compiled to review water cost, water consumption and water efficiency in order to manage water more sustainably and cost effectively. This strategy's targets aim to reduce the cost of water by 20% for corporate buildings, reduce water consumption by 27% and to have increased the use of recycled and self-sourced water by 3% by April 2020

An energy company has been partnering with 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.

The recommendations made from the Water Strategy are currently being implemented with initiatives ranging from water harvesting at County Hall and feasibility studies undertaken at the Highway Depots and Bosworth Battlefield for the potential of bore holes. The open Water market which enabled greater competition in 2017 has to date not affected price margins sufficiently for the County Council to change suppliers and reduce costs but this will be reviewed again each year as the market develops.

30. CR10 Inc Returns from Asset Investment fund - £2,000,000 by 2021/22

The £2m additional net rental income proposed to be included in the MTFs is close to being fully secured. Further investments are proposed that will generate additional income. There has been some focus, nationally, on councils making investments purely for income generation purposes, particularly those who are incurring borrowing to enable

this. Although the County Council is not currently borrowing it could be impacted by any legislative change which may require a change in approach.

31. CR11 Eff Revenue savings from Capital Programme - £25,000 by 2018/19, rising to £55,000 in 2019/20 and then to £60,000 in 2020/21.

As a consequence of the proposed £5.5m capital programme for Corporate Resources over the life of the next MTFS, there are further savings anticipated from the successful implementation of these schemes, specifically the investment in the Energy and Water Strategy and the scheme to provide further Electric Vehicle Car Charge Points at County Hall and across the other County Council office sites across the county.

Savings Under Development

32. As part of a group of measures to address the projected Council funding shortfall, all departments have been tasked with developing new savings towards an indicative additional savings target set by department intended as a starting point. For Corporate Resources this target is £0.9m over the next four years additional to the existing and proposed MTFS savings.
33. In addition to the savings under development for which there are some obvious overlaps (particularly for services like ICT, Property, Commercial and HR which make up a significant proportion of the CR resources and will be impacted by initiatives like the IT and Digital Strategy; Property; and People and Performance initiatives) further savings are being considered from a more joined up and holistic commissioning approach to property maintenance; increased savings from the Customer Service Centre and business support and a continued forensic review of costs and the value generated from the use of all resources across the department,

Proposals for Further Development

People and Performance Management

34. Further to the absence targets to achieve corporate wide productivity savings of £600k (see CR3 for the Corporate Resources element) the People and Performance Management workstream are also considering other areas where there may be potential savings comprising :
- The introduction of the Apprenticeship Levy has created an opportunity to review whether any existing training costs (such as in management or professional qualifications) qualifies under the new scheme thereby reducing the Learning and Development budget.
 - A review of agency expenditure is also being undertaken through the contract with Reed to identify any potential efficiencies.

IT and Digital Strategy Implementation

35. A review to take forward both the Council's technology and digital agenda (previously two separate savings under development) has been undertaken, culminating in the IT and Digital Strategy 2017-20. This strategy focuses on providing more efficient and effective Council services, empowering people and introducing digital ways of working through easier to use, customer focused and joined up services across the Council and with partners; standardised and cloud based where possible and enabling automation, productivity and self-service.
36. As part of developing this strategy departments have been consulted about their current and future requirements. There are numerous initiatives planned to take forward and some examples include improved signposting of services; optimisation of Council web pages and searches; simplifying the high volume online transactions and automating the high cost transaction services; completing the deployment of virtual desktop infrastructure; identifying mobility solution improvements for out of office workers and improving the reliability of remote access at home and in public places; replacing non electronic forms (e-forms) and redesigning existing e-forms; improving data share and collaboration with partners amongst many others.
37. A number of existing systems and contracts will be upgraded and / or replaced including Windows 10, Office 2016 and Outlook Mail services; existing enterprise voice recording software; smartphones; Geospatial Mapping; the Customer Service Centre fixed telephony system; Skype and Sharepoint. Innovation will also be explored through a number of pilots to further reduce the costs of services to reduce manual intervention (such as automating data analysis or reducing re-keying).

Property Initiatives

38. Further cashable savings are expected from the Workplace Strategy, for which an initial discussion document has been produced. The aim of this strategy is to maximise the use of our property portfolio at both the County Hall campus and other locality premises and reduce operational property costs through a review of all lettings, property occupancy and more granular analysis of the total financial implication of running each property within the estate including the costs of maintaining those buildings. Other revenue generating initiatives are being considered. The strategy will be completed in 2018/19 year and all initiatives to be taken forward will be supported by a business case.

Commercial Services

39. In addition to the £2m increased contribution target from the existing Leicestershire Traded Services (LTS) opportunities to trade and create a more commercial culture across the wider Leicestershire County Council are being considered which could maximise trading in other departments such as Children and Family Services and Heritage Services. Independent consultants Peopletoo have been commissioned to

identify such opportunities and the outcome of their review and recommendations are expected before the end of the financial year with recommendations proposals to be supported by business cases.

Fit For the Future

40. This transformational project is looking to replace the existing Oracle ERP system and improve the working practices of the ICT, Finance, HR, Procurement functions and EMSS. Investment is expected to be in the region of £5m with significant savings expected through contract cost reductions, direct savings in the functions and greater effectiveness of key corporate processes. A business case is currently being developed.

Financial Arrangements – Insurance Provision

41. The County Council makes provision from the revenue budget for a range of future liabilities and these provisions can be changed in line with expected liabilities and regulations. A review of these financial arrangements is expected to yield some savings. For example the County Council's insurance claims experience has improved to the extent that the earmarked funds held are significantly in excess of what is required.
42. Although changes in the external environment, for example society's expectation or legislative change, can cause the situation to worsen quickly, there does appear to be potential to reduce the annual contribution made to insurance earmarked reserves.

External Influences and Risks

43. 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.

44. 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 the County Council 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 (sometimes on an opportunistic basis) but only where there is a robust business case.

Other Funding Sources

Trading Income

45. 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 over £25m for Leicestershire Traded Service (LTS) with Schools and Academies being the largest customer group accounting for two thirds of this income. LTS is forecasting contribution in line with plan for 2017/18.
46. Rental income from the Council's Farms and Industrial property estates is budgeted to achieve £3m in 2017/18 and this is on track so far for this financial year.

Transformation Funding – Use of Reserves

47. Transformation projects can call upon earmarked reserves where additional funding is required and part of the Transformation Unit Staff costs are also funded by these reserves. The latest forecast shows that there is a potential funding gap by 2020/21 of £2.2m if the current levels of funding for project and severance costs expenditure continue but where possible the reserve will be "topped up" from underspends or a re-prioritisation of other reserves to ensure savings delivery can continue..

Apprenticeship Levy

48. The Government's ambition to increase the number of young people into apprenticeships led to the introduction of the Apprenticeship Levy. For Leicestershire County Council this will create an Apprenticeship fund of c£1m (sourced from 0.5% of all payroll costs topped up by 10% government funding).
49. The training and apprenticeships that can be funded from this budget is wide-ranging and there may be opportunities to substitute some of our existing training but the funds are restricted within a two year time frame and explicitly exclude administration and support expenditure thus creating an initial cost pressure.
50. To maximise value from this funding (any unspent funding is returned to government after two years) an estimated additional 300 apprenticeships will need to be created from our

current base of 60 across the Council and maintained schools. This is considered a stretching and ambitious target but plans are being drawn up through departmental workforce strategies.

Partnership funding

51. There are budgeted contributions from partners for shared services including the Resilience Partnership and East Midlands Shared Service Centre as per defined agreements and governance.

Capital Programme

52. The Corporate Resources capital programme totals £5.47m over the next four years including £3.5m in 2018/19 and described in more detail in the following paragraphs and Appendix D.

53. ICT and Digital infrastructure and developments: £1,940,000 in 2018/19

Investment in our technology and digital capability throughout the organisation is another priority to increase efficient and modern ways of working in addition to maintaining security and robust systems and infrastructure. This includes replacement, capacity growth and upgrade across the corporate estate including for 2018/19:

- £460,000 for the replacement of the current end of life Wider Area Network (WAN), which will continue to allow users based outside of County Hall to access applications, services and other centrally located resources.
- £980,000 (of total £1.23m scheme) to replace the current Storage Area Network (SAN) and related servers which have reached the end of their useful economic life. The replacement technology, 'Hyper-Converged', merges the storage and compute function in to a large clusters of nodes. This gives both reduced maintenance over heads and power savings alongside greater flexibility and performance. The new solution also allows closer integration with public cloud services, generating further benefits and aligning with the long term ICT strategy for the authority
- £400,000 (of total £560,000 scheme) is required as extended support for Windows 7 (our current Operating System) is due to end in January 2020. An update to Windows 10 is essential to ensure the estate is kept up to date with the latest client Operating System (OS) and application versions. This supports LCCs compliance to the Public Sector Network (PSN), as well as setting up the client estate for future OS upgrades, and conforming to the General Data Protection Regulation (GDPR).

- £100,000 is required to replace the Customer Service Centre (CSC) Telephony System, for which the current system is reaching the end of its useful life. LCC are committed to delivering a Digital Council to the citizens of Leicestershire. This project will replace technology that is currently deemed end of life and will deliver a more future-proof platform for Customer Relationship Management (CRM) and Telephony.

54. Future year ICT capital costs are to refresh the Local Area Network across the estate at an estimated cost of £650,000, as well as a requirement to replace and update the Firewalls (£320,000k) to ensure we continue to comply with data regulation and security requirements.

55. Property (Major Maintenance & Improvements): £1.6m in 2018/19

The property capital programme currently consists of :

- £500,000 in 2018/19 for County Hall major end of life replacements (as advised in previous Medium Term Financial Strategies) to include the replacement of the High Voltage ring main and the associated transformers.
- £1,000,000 in 2018/19 and a further £550,000 in 2019/20 to complete the redevelopment of Snibston Country Park.
- £100,000 to install electric vehicle chargers at County Hall and other remote locations to facilitate electric vehicle infrastructure for Council staff.

Future Developments

56. 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. £28m is being held corporately to fund future capital schemes on a prioritisation basis.
57. The potential programmes and schemes that may require capital investment in the future include:
- Information and Technology enabling projects and major systems replacement, including the 'Fit for the Future' project which seeks to replace the Authority's financial, payroll and HR systems currently provided through Oracle;
 - Commercial investments which will generate a positive ongoing revenue benefit;
 - The next stage of a Workplace Strategy to achieve additional savings building on previous County Hall Master Plan and other Accommodation Review successes;
 - Retro-fit project to install sprinklers in all Special Schools across Leicestershire following a review of the Council policy on sprinklers subsequent to the Grenfell Disaster;

Background Papers

Cabinet : 12 December 2017 – Medium Term Financial Strategy 2018/19 to 2021/22
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4866&Ver=4>

Circulation under local issues alert procedure

None.

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Appendices

Appendix A – Revenue Budget 2018/19
Appendix B – Growth
Appendix C – Savings
Appendix D – Capital Programme 2018/19 – 2021/22

Equality and Human Rights Implications

58. 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.
59. 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.
60. Proposals in relation to savings arising out of a reduction in posts will be subject to the County Council Organisational Change policy which requires an Equality Impact Assessment to be undertaken as part of the action plan.

CORPORATE RESOURCES - REVENUE SUMMARY 2018/19**Appendix A**

Budget 2017/18 £		Employees £	Running Expenses £	Internal Income £	Gross Spend £	External Income £	Net Total £
Strategic Finance, Assurance, Property & EMSS							
£1,440,000	Strategic Property	£1,256,560	£491,520	-£110,000	£1,638,080	-£99,000	£1,539,080
£2,611,260	Strategic Finance & Investments	£2,522,060	£144,940	-£175,230	£2,491,770	-£144,490	£2,347,280
£757,260	Care Finance	£600,420	£108,200	£0	£708,620	-£8,580	£700,040
£397,680	Internal Audit	£858,330	£16,450	-£32,000	£842,780	-£500,250	£342,530
£1,848,130	Insurance	£253,920	£2,742,740	-£1,063,810	£1,932,850	-£106,150	£1,826,700
£146,200	Corporate Projects	£0	£83,100	£0	£83,100	£0	£83,100
£0	Pensions	£985,600	£0	-£985,600	£0	£0	£0
£1,182,830	EMSS	£3,735,300	£2,473,400	-£659,000	£5,549,700	-£4,413,610	£1,136,090
£8,383,360	Total Director of Finance	£10,212,190	£6,060,350	-£3,025,640	£13,246,900	-£5,272,080	£7,974,820
People, Information & Technology and Transformation							
£1,064,320	Human Resources	£1,275,120	£54,500	-£180,290	£1,149,330	-£50,000	£1,099,330
£431,260	Health & Safety	£342,810	£28,470	£0	£371,280	£0	£371,280
£188,390	Trade Union	£187,610	£1,350	£0	£188,960	£0	£188,960
£1,557,140	Learning & Development	£852,060	£989,280	-£47,210	£1,794,130	-£392,980	£1,401,150
£0	Emergency Management & Resilience	£0	£0	£0	£0	£0	£0
£833,180	Commissioning Support Unit	£997,430	£31,000	-£50,000	£978,430	£0	£978,430
£9,395,580	Information & Technology	£6,248,260	£3,396,790	-£634,060	£9,010,990	-£278,880	£8,732,110
£1,129,520	Transformation Unit	£3,100,630	£39,700	-£2,005,530	£1,134,800	£0	£1,134,800
£0	Centre of Excellence	£867,200	£332,800	£0	£1,200,000	-£1,200,000	£0
£14,599,390	Total Corporate Services	£13,871,120	£4,873,890	-£2,917,090	£15,827,920	-£1,921,860	£13,906,060
Customer & Property Services (excl trading)							
£1,908,040	Customer Service Centre	£1,849,820	£50,250	-£97,000	£1,803,070	-£25,000	£1,778,070
£1,145,230	CR Management and Business Support	£1,333,520	£210,200	-£114,640	£1,429,080	-£13,600	£1,415,480
£1,227,750	Marketing and Communications	£1,103,950	£313,730	-£144,000	£1,273,680	-£45,700	£1,227,980
£2,249,940	County Hall and Locality Premises Costs	£274,850	£2,756,620	-£33,600	£2,997,870	-£606,000	£2,391,870
£879,910	C&F, A&C and R&HW Sites	£0	£761,440	£0	£761,440	-£15,000	£746,440
£983,120	Library & Community Premise Costs	£0	£1,023,570	£0	£1,023,570	£0	£1,023,570
£192,730	Vacant properties and unattached land	£0	£271,770	£0	£271,770	-£122,000	£149,770
£659,680	Facilities Mgmt Premises Support	£744,660	£74,620	-£156,500	£662,780	£0	£662,780
£418,360	Property Services Business Support	£398,580	£13,010	£0	£411,590	£0	£411,590
£129,650	Postal Services	£90,980	£59,740	-£23,770	£126,950	-£1,850	£125,100
£72,220	Traveller Services	£207,920	£56,860	-£15,000	£249,780	-£182,440	£67,340
-£50,000	Caretakers Houses	£0	£380	£0	£380	-£50,000	-£49,620
£466,520	Supported Employment	£524,850	£0	£0	£524,850	£0	£524,850
£2,834,000	Major Condition Improvement Works	£0	£3,500,000	-£1,100,000	£2,400,000	£0	£2,400,000
-£955,500	Farms and Industrial Properties	£146,840	£1,894,150	£0	£2,040,990	-£3,126,500	-£1,085,510
£12,161,650	Total Customer & Property Services	£6,675,970	£10,986,340	-£1,684,510	£15,977,800	-£4,188,090	£11,789,710
-£1,995,400	Total Commercial Services	£14,785,920	£9,394,060	-£9,517,810	£14,662,170	-£17,273,550	-£2,611,380
£10,166,250	Total Customer & Commercial Services	£21,461,890	£20,380,400	-£11,202,320	£30,639,970	-£21,461,640	£9,178,330
£33,149,000	TOTAL CORPORATE RESOURCES	£45,545,200	£31,314,640	-£17,145,050	£59,714,790	-£28,655,580	£31,059,210

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APPENDIX B

References

2018/19	2019/20	2020/21	2021/22
£000	£000	£000	£000

GROWTH**CORPORATE RESOURCES****Demand & cost increases**

**	G24	ICT infrastructure costs and consequences of capital spend	180	180	180	180
**	G25	Strategic Property resources to manage and develop the property assets	100	100	100	100
**	G26	Information & Records Management and Data Compliance Regulations	110	90	90	90
		Total	390	370	370	370

* items unchanged from previous Medium Term Financial Strategy

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

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References

2018/19	2019/20	2020/21	2021/22
£000	£000	£000	£000

SAVINGS**References used in the following tables**

* items unchanged from previous Medium Term Financial Strategy

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

Eff - Efficiency saving

SR - Service reduction

Inc - Income

CORPORATE RESOURCES**Transformation**

*	CR1	Eff	ICT Review (Strategic and Operational)	-705	-705	-705	-705
**	CR2	Eff	Customer Service Centre Review	-130	-200	-200	-200
	CR3	Eff	Review of staff absence		-20	-45	-45
			Total	-835	-925	-950	-950

Departmental

*	CR4	Eff/Inc	Increasing Commercial Services contribution	-750	-1,500	-1,500	-1,500
**	CR5	Eff	Business Support Review	-30	-30	-30	-30
*	CR6	Eff	Review of Strategic Finance & Assurance	-325	-325	-325	-325
*	CR7	Eff	Human Resources & Organisation Review	-300	-300	-300	-300
*	CR8	Eff	Operational Property Review	-130	-130	-130	-130
*	CR9	Eff	Energy & Water efficiencies	-85	-75	-95	-95
	CR10	Eff	Returns from Asset Investment Fund				-2,000
	CR11	Eff/Inc	Revenue savings from capital programme	-25	-55	-60	-60
			Total	-1,645	-2,415	-2,440	-4,440
			TOTAL	-2,480	-3,340	-3,390	-5,390

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CORPORATE RESOURCES - CAPITAL PROGRAMME 2018/19 to 2021/22

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	Total £000
ICT					
Wide Area Network (WAN) Replacement	460				460
Storage Area Network (SAN) / Server Replacement	980	250			1,230
Windows 10 & Office 2016 - Upgrade	400	160			560
Local Area Network (LAN) Edge Refresh - County Hall & Remote sites	0	450	200		650
Firewall replacements	0	0	140	180	320
CSC Telephony System Replacement	100				100
Sub total ICT	1,940	860	340	180	3,320
Strategic Property					
Central Maintenance Fund - major works	500				500
Snibston & Country Park	1,000	550			1,550
Electric Vehicle Car Charge points (County Hall and other sites)	100				100
Sub total Strategic Property	1,600	550	0	0	2,150
Total Corporate Resources	3,540	1,410	340	180	5,470

Future Developments - subject to further detail and approved business case	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	Total £000
Digital Services					
ICT - Collaboration - (MS sharepoint)					
Commercial Investments					
Major System Replacements (e.g. Oracle, IAS, Frameworki, STADS)					
Fit for the Future					
Integrated Point Of Access					
Workplace Strategy					
Sprinklers in Special Schools - Retro-fit project					
District Heating					
Watermead Country Park - Bridge (LCC contribution)					

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