



*Meeting:* **Scrutiny Commission**

*Date/Time:* **Wednesday, 7 March 2018 at 2.00 pm**

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

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

*Email:* **rosemary.whitelaw@leics.gov.uk**

### 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 B. Seaton CC  
Mr. D. Jennings CC    Mr. D. Slater CC

**Please note: this meeting will be filmed for live or subsequent broadcast via the Council's web site at <http://www.leicestershire.gov.uk> – 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 7 February 2018	(Pages 5 - 10)
2. Question Time.	
3. Questions asked by members under Standing Order 7(3) and 7(5).	
4. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.	
5. Declarations of interest in respect of items on the agenda.	



6. Declarations of the Party Whip in accordance with Overview and Scrutiny Procedure Rule 16.
7. Presentation of Petitions under Standing Order 36.
8. Delivery Review of the Updated Three Year Youth Justice Strategic Plan: 2016 - 2019. Director of Children and Family Services (Pages 11 - 34)
9. Midlands Connect - Sub-National Transport Body. Director of Environment and Transport (Pages 35 - 46)

A copy of the report to be submitted to the Cabinet at its meeting on 9 March 2018 is attached. The Committee is invited to comment on the proposals. The views of the Committee will be reported to the Cabinet.

10. East Midlands Shared Service - Performance Update. Director of Corporate Resources (Pages 47 - 52)
11. East of Lutterworth Strategic Development Area. Director of Corporate Resources (Pages 53 - 58)
12. Revenue Budget and Capital Programme Monitoring Report - Period 10. Director of Corporate Resources (Pages 59 - 86)
13. Date of next meeting.

The next meeting of the Commission is scheduled to take place on 6 June 2018 at 10.30am.

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

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

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

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

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

### **Key Questions:**

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

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

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

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

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

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Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Wednesday, 7 February 2018.

PRESENT

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

Mr. D. C. Bill MBE CC  
 Mr. L. Breckon JP CC  
 Mr. M. H. Charlesworth CC  
 Dr. T. Eynon CC  
 Mr. D. Jennings CC

Mrs. R. Page CC  
 Mr. A. E. Pearson CC  
 Mr. T. J. Richardson CC  
 Mrs B. Seaton CC  
 Mr. D. Slater CC

In attendance

Mr N J Rushton CC, Leader of the Council  
 Mr J B Rhodes CC, Deputy Leader of the Council and County Council representative on the Members' Advisory Group  
 Grant Butterworth, Head of Planning, Leicester City Council  
 Tim Sacks, Chief Operating Officer, East Leicestershire and Rutland Clinical Commissioning Group  
 Pat Willoughby, Joint Strategic Planning Manager

62. Minutes.

The minutes of the meeting held on 24 January were taken as read, confirmed and signed.

63. Question Time.

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

64. 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).

65. Urgent Items.

There were no urgent items for consideration.

66. 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 members of a District Council declared a personal interest in the draft Strategic Growth Plan, as the Plan was a partnership Plan developed by the City

Council, County Council, District Councils and Leicester and Leicestershire Economic Partnership (LLEP) (minute 69 refers).

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

There were no declarations of the party whip.

68. Presentation of Petitions under Standing Order 36.

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

69. Leicester and Leicestershire Draft Strategic Growth Plan.

The Commission considered a report of the Chief Executive which provided an opportunity to consider and comment on the draft Strategic Growth Plan for Leicester and Leicestershire. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Commission also considered the following:-

- A presentation setting out how the Housing and Economic Development Needs Assessment (HEDNA) had informed the Plan; how the overall figures for growth had been determined and justification for the level of growth in the Plan; and how the distribution of growth had been determined and how developments on the borders of Leicestershire have been taken into account;
- A presentation setting out the transport infrastructure delivery and further transport assessment work needed to support the Strategic Growth Plan;
- A presentation setting out housing capacity in Leicester City;
- Written representations from the Campaign to Protect Rural England, Shelter Housing Aid and Research Project and the County Council's Public Health Department, copies of which are appended to the report.

A copy of the slides forming the presentations is filed with these minutes.

Mr N J Rushton CC, Leader of the Council, advised the Commission that he was proud of the draft Strategic Growth Plan as Leicester and Leicestershire were one of a very few county and city areas with such a Plan. He thanked the Members' Advisory Group (MAG) for their work in developing the Plan, recognising that they had had to make tough decisions. He noted that the Plan would be welcomed by the Government as Ministers would see the area's potential to deliver economic growth.

At the invitation of the Chairman, Tim Sacks, Chief Operating Officer for East Leicestershire and Rutland Clinical Commissioning Group (CCG), explained that the level of detail in the Strategic Growth Plan would be important to support the local CCGs to plan for the future and identify which GP practices required development. He expected that the level of growth set out in the draft Plan would require between 10 and 20 new large health centres. Consideration of the draft Strategic Growth Plan across the local health and care system was needed in order to evaluate the expected impact of population growth on acute and community hospital beds.

Mr J B Rhodes CC, Deputy Leader of the Council and the Council's representative on the MAG, reminded the Commission that there was little opportunity for significant growth in Leicester City. It was inevitable that the level of growth set out in the Plan had been

estimated, but it was felt to be as accurate as possible. It was therefore important to plan for that level of growth and to focus largely on developing a few strategic sites rather than significantly expanding villages and changing their character. Nationally, the concept of an expressway from Exeter to Hull, based on the A46, had been proposed. This would improve east-west connectivity in Leicestershire and would bring significant strategic benefits for growth. The route had not been identified yet but the MAG supported the concept and had included it in the draft Strategic Growth Plan. Mr Rhodes also made reference to the importance of technology and how changes to technology such as vehicles which could be controlled electronically could change transport infrastructure requirements. The Strategic Growth Plan would be flexible in its ability to respond to new technology.

Arising from discussion the following points were raised:-

#### The Four Priorities in the Strategic Growth Plan

- (i) Members welcomed the principle of the Strategic Growth Plan, to prevent unplanned growth which damaged the character of local areas and lacked infrastructure. The proposals in the Plan were generally felt to be sensible and it was felt that a long term strategic vision would benefit the area and provide a framework for the development of future Local Plans at District Council level. A bold vision permitted larger, strategic developments which were more likely to have a design code to ensure high quality housing and the inclusion of initiatives such as garden towns and suburbs.
- (ii) Assurance was sought that the essential infrastructure needed to deliver the Strategic Growth Plan would be secured, especially as the East Midlands had the lowest level of public expenditure on transport infrastructure in England. The Commission was advised that the Leader of the Council was working to raise the profile of the area. The Council was a member of Midlands Connect and the Midlands Engine and could use these positions to lobby for funding.
- (iii) The A46 Expressway would gain funding through the development of a clear plan which could in turn be included in Highways England's Road Investment Strategy. The first phase of funding would be for a feasibility study.
- (iv) An infrastructure study was a requirement for all Local Plans. Without infrastructure it would not be possible to deliver the required housing growth in a planned way. The Strategic Growth Plan focused on principles rather than details; detailed plans for growth and infrastructure would be set out in the eight Local Plans.
- (v) A view was expressed that the priorities in the Plan did not address the reasons behind the need for growth, such as that people were living longer but not necessarily healthier lives. It was suggested that accessible and affordable homes, near facilities such as health centres and schools, should be a priority as should the need for homes to be near places of employment as this would reduce people's need to travel. It was confirmed that transport assessments were carried out at planning application stage and these included consideration of public transport, cycling and walking. Links to Leicester City from surrounding areas would also be important and it was confirmed that these would need to include a variety of methods of transport. Connectivity would be reconsidered as new technology was developed which could have an impact on commuting and employment patterns.

- (vi) It was confirmed that the Strategic Growth Plan was not a statutory Plan but it was felt locally that it was the most effective way of delivering the statutory Duty to Co-operate. There was no requirement for the Plan to have a formal examination in public, it was up to the partners to consult as they saw fit. It was felt that a mock examination in public, whilst feasible, would be an expensive exercise of limited value.
- (vii) The Prospectus for Growth had been submitted to the Department for Transport for information only, a response was not expected. The County Council would work with partners to bid for funding for infrastructure projects when funding streams became available.
- (viii) Although the development of the Ivanhoe Line was an aspiration for the County Council, it needed to be part of a larger rail franchise to be affordable and unfortunately there were no interested parties. The County Council could not afford to upgrade the infrastructure and run a railway and the project had therefore not been included in the Strategic Growth Plan.
- (ix) The Commission was pleased to note that the fifth building block for the Strategic Growth Plan was protecting the environmental, historic and other assets. It was important to protect these as they helped to make Leicestershire an attractive place to live. It was noted that the evidence identifying these assets was included in the Environmental Assets Plan which was available on the Strategic Growth Plan website. A sustainability appraisal was also being finalised and would be published on the website in the next few days.
- (x) The HEDNA had taken account of the characteristics of local economies in Leicester and Leicestershire. Economic Development and Planning Officers from the nine Local Authorities had been involved in the HEDNA's development. In terms of consultation with elected members, the publication of the Strategic Growth Statement in 2016 had enabled all members to comment on the direction of travel. Individual MAG members had a responsibility to disseminate information to members of their authority; in Leicestershire County Council's case a number of All Member Briefings had taken place prior to the publication of the draft Strategic Growth Plan. Public consultation on the content of the draft Strategic Growth Plan was also taking place and there had been a public consultation on the Strategic Growth Statement.
- (xi) The Strategic Growth Plan did not assess the impact of regional or nationally imposed schemes. These would have to be addressed by each Local Plan. However, the Strategic Growth Plan did provide a framework for growth and would support Leicester and Leicestershire to resist developments over and above the scale that had been identified in the Plan.
- (xii) A study of the logistics and distribution sector had been commissioned by partners in 2014. This study had recognised the need for a strategic rail freight interchange, for which a location had not yet been identified, and a minimum of 472 hectares of large scale strategic distribution facilities. These findings had been supported by the HEDNA.



### Overall Quantity of Development in the Plan

- (xiii) The Government was currently undertaking consultation on a new formula to determine the level of housing growth required for each Local Authority area. It was expected that the figures for the Midlands would be similar to current figures and that any adjustments needed would be minor and relatively easy to calculate. The new formula was expected to prevent debate over different interpretations of the figures.
- (xiv) It was confirmed that the outcome of the Brexit referendum had been known when the HEDNA had been developed and that immigration figures had been adjusted accordingly. Migration was only a small component of the expected level of growth; it was largely driven by changes in the population characteristics. It was expected that the total figure for growth set out in the Strategic Growth Plan would ultimately be wrong as it was not possible to forecast accurately to 2051. However, it was based on the best possible evidence and would be regularly reviewed in the light of new evidence. The Strategic Growth Plan would be an important consideration at Local Plan Inquiries, as would up-to-date evidence.
- (xv) With regard to development in Leicester City, the figures in the Strategic Growth Plan included city centre development. Some capacity work was being undertaken in this area and would be reflected in the Leicester City Local Plan. Historic England usually expressed concern regarding planning application for tall buildings as they were not in keeping with the character of the city and this would also need to be taken into account.

### Growth Locations

- (xvi) The proposed locations for strategic growth were generally supported by the Commission, although it was hoped that the Local Plans would reflect these proposals accurately. It would be important to reflect the need for affordable housing in the north of the County and to address the current difficulties in accessing employment opportunities at the East Midlands Gateway in the north of the county from Leicester or Coalville.
- (xvii) The level of development proposed for the East Midlands Gateway was 10,000 new homes, as opposed to 40,000 new homes around the A46 Growth Corridor in the south and east of the county. It was confirmed that this was because growth was more constrained in the north of the county by the physical environment. It was noted that there were currently plans for a lot of development in north Leicestershire but the pace of delivery was slow due to a lack of infrastructure. Some concern was also expressed that these planned developments were not affordable and did not deliver easy access to employment.
- (xviii) It was confirmed that there was currently no route proposed for the A46 Expressway. The County Council would not determine the route, although it would work closely with Highways England. As the proposal moved closer to delivery there would be plenty of opportunity for public consultation on the route and for elected members to have an input.
- (xix) With regard to the key centre for growth of Lutterworth, infrastructure modelling would be undertaken to identify any pressures on the transport network where

further work was needed to enable growth. This would also ensure that the adverse effects of growth would be mitigated against.

### Next Steps

- (xx) Consultation on the Strategic Growth Plan would end on 5 April. A report on the outcome of the consultation would be considered by the MAG, as well as any changes to the Strategic Growth Plan required as a result of the consultation. It was expected that the final plan would be submitted to the nine Local Authorities for approval between October and December 2018.

### RESOLVED:

- (a) That the comments now made be submitted to the Cabinet for consideration at the meeting on 9 March;
- (b) That the written submissions from the Campaign to Protect Rural England, Shelter Housing Association Research Project and the Public Health Department be submitted to the Cabinet for consideration at the meeting on 9 March.

### 70. Date of next meeting.

It was noted that the next meeting of the Commission would be held on 7 March 2018 at 2.00pm.

A workshop for Commission members only would take place at 10.30am on 7 March.

2.00 - 5.00 pm  
07 February 2018

CHAIRMAN



**SCRUTINY COMMISSION: 7 MARCH 2018**

**DELIVERY REVIEW OF THE UPDATED THREE YEAR YOUTH JUSTICE STRATEGIC PLAN: 2016 - 2019**

**REPORT OF THE DIRECTOR OF CHILDREN AND FAMILY SERVICES**

**Purpose of report:**

1. The purpose of this report is to provide an update on the delivery of the Youth Justice Plan 2016 -2019. The Youth Justice Plan 2016-19 is attached as Appendix 1.

**Policy Framework and Previous Decision(s)**

2. There is a statutory requirement in the Crime and Disorder Act 1998 to produce an annual Youth Justice Plan. Following guidance issued by the Youth Justice Board (YJB) in 2015, subsequent plans will cover a three year period. Since that time the YJB has advised that the 3 year Youth Justice Plans need to be updated each year prior to re-submission to them.
3. The revised Leicestershire Youth Justice Strategic Plan 2016 – 2019 was approved by the County Council at its meeting on 6 December 2017.

**Background:**

4. In past years, the Youth Justice Board (YJB) provided the framework for the plan; along with considerable scrutiny and oversight. In recent years the YJB have issued guidance which allows Youth Offending Services the flexibility to streamline Youth Justice Plans.

**Delivery of the Youth Justice Plan- Key Indicators:**

5. The YJB monitor three key performance indicators, First Time Entrants into the criminal justice system (FTE) per 100,000 young people, reoffending binary and frequency rates, and custody rates per 100,000 young people. The YOS has continued to monitor young people not in Education Training or Employment (EET) at the end of supervision as a local performance indicator.
6. The latest FTE Ministry of Justice (MOJ) data for April 2016 to March 2017 indicates that there were 170 First Time Entrants (FTE) per 100,000 young people; this was a decrease of 13 % on the previous year. This compares favourably to National FTE figures of 313 and regional figures of 347; both well above the Leicestershire YOS levels.

7. The YOS case load is characterised by young people with more complex needs than ever before, a similar picture to youth offending services nationally. The YJB monitors the YOS re-offending performance by looking at the binary re-offending rate which is the percentage of young people who re-offend within 12 months and the frequency rate which measures the average number of offences committed within 12 months post an outcome.
8. The MOJ performance reporting is based on historic cohorts in order to record reoffending. The frequency of re-offending between October 2015 and December 2015 is 0.92 which is ahead of Regional (1.4) and National (1.6) performance. The binary re-offending rate for October 2015 to December 2015 is 33.3% ahead of regional (37.2%) and National (41.4%).
9. Custody performance has improved significantly over the last seven years. Between April 2016 and March 2017 two young people received a custodial sentence compared to 20 in 2009/10. From April 2017 to February 2018 six young people have received a custodial sentence.
10. 2017/18 has been exceptional as the YOS has seen two young people without any previous convictions (FTEs) sentenced to custody for serious offences.
11. EET performance has shown continued improvement during the course of 2017/18. The YOS target is to achieve 80% of young people in EET provision. Performance for April 2017 to December 2017 is 80.4%, which means the YOS is likely to perform above target for whole of 2017/18. Further detail on YOS EET performance is referred to later in the report.

#### **Progress on the Delivery of Development Areas:**

12. The 2017/18 updated Youth Justice Plan highlights the development areas related to Resettlement, Child Sexual Exploitation (CSE), user voice, disproportionality, desistance and Education Employment and Training.
13. The young people who receive custodial sentences are frequently the most challenging young people to work with and at significant risk of further offending. The YOS is working to ensure that two of the most critical resettlement issues (accommodation and EET support) are well managed. The Accommodation and EET strategy group focuses on all young people who have accommodation and EET issues and is key to ensuring effective resettlement post custody.
14. The YOS continues to benefit from the support of an accommodation worker who provides specialist support for this group, as well as others who experience accommodation issues. The YOS works closely with Prospects particularly, as most custody resettlement is in the 'above

school age' group. Prospects work to ensure that employment and training are available to young people on release. Both elements require close liaison with custodial intuitions. Increasingly the YOS is seeing young people turning 18 years old whilst in custody and require effective transition to the local Community Rehabilitation Company and the National Probation Service. The YOS continues to work effectively to facilitate these transitions with the assistance of the Probation seconded staff.

15. YOS continues to focus on ensuring it identifies those children experiencing (and at risk of) Child Sexual Exploitation (CSE). The 2017 annual audit of cases identifies that the YOS was identifying all young people who were experiencing CSE, but needs to do more to pass on information about young people at risk of CSE to the multi-agency CSE team. Case audits additionally confirmed that the exploitation of young people was not limited to sexual exploitation and was increasingly linked to young people being exploited to deal and transport drugs. In some cases they are transported across county lines to undertake this activity. The YOS continues to work closely with partners to ensure that there is an effective response to this issue.
16. The YOS supports a disproportionate number of Looked After Children (LAC). The YOS has continued to work with the Children in Care teams in the department to identify those LAC young people most at risk of re-offending and to jointly problem solve the most critical cases. Carrying out this work has resulted in more effective working between teams. The publication of the Lammy report in Autumn 2017 has refocused the Youth Justice System on this issue. The YOS is currently looking at the findings of the report to see if there is work it needs to undertake.
17. The publication of the HMIP report on desistance (i.e. the process of abstaining from crime amongst those who previously had engaged in a sustained pattern of offending) highlighted the need to focus practice on eight key areas. The YOS strengths are that it does build effective professional relationships, is good at motivating young people, uses restorative approaches, and works hard to overcome structural barriers. The outcomes achieved by YOS supports this view. The YOS is planning during 2018 to provide staff with further training on developing the use of Signs of Safety; a strengths based approach, which will ensure that its practice meets HMIP expectations.
18. Ensuring effective engagement in education, training and employment (EET) by young people is essential to reducing re-offending. At the end of 2016/17 64.5% of young people were in EET. This was made up of school age performance at 69.4% and above school age 61.1%. As a result of the work undertaken by the YOS Accommodation and EET Strategy group (chaired by YOS and including representation from Education Psychology, Prospects, Education and Accommodation) we have seen a marked improvement with overall performance. Between April 2017 and December 2017, 80.4% of young people were in EET at the end of their order, therefore achieving the 80% target. School age

performance was at 83.7% and above School age performance at 76.7%.

**Resource implications:**

19. Over the last three years YOS funding has reduced due to reductions in local, national and partnership funding. Funding for the YOS has benefited from the Transition Fund provided for YOS in 2012/13 to support the changes to the YJB grant and partner contributions.
20. The YOS has continued to ensure that prevention remains a core focus and this work has been supported by the work of SLF and the Police. This has enabled the YOS to continue to reduce FTEs and to deliver high performing and effective services during a period of reduced resources. The YOS has continued to manage its vacancies effectively preventing the need for any a formal service review.
21. The YOS is now part of the Early Help Service review which will require savings of £3.8 million out of a £12.4 million budget. This plan will see the integration of YOS within the proposed Early Help 0 – 19 Family Wellbeing Service.

**Timetable for decisions**

22. None

**Background papers:**

23. Report to the County Council on 6 December 2017 on the Youth Justice Plan  
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=5104&Ver=4>

**Circulation under Local Issues Alert Procedure:**

24. None.

**Officers to Contact:**

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**Appendices:**

Appendix A: Youth Justice Strategic Plan 2016 - 2019

**Leicestershire  
Youth Justice 3 year Strategic Plan  
2016 – 2019**

Updated 2017

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## 1. Introduction

The principal aim of the youth justice system is to prevent offending by children and young people. Leicestershire Youth Offending Service (YOS) coordinates the provision of youth justice services to both Leicestershire and Rutland in line with requirements set out to statutory partners in the Crime and Disorder Act 1998. The YOS is a co-located multi agency team which includes staff from the statutory partner agencies; the Leicestershire County Council (LCC), Leicestershire Police, the National Probation Service (NPS), and CAHMS. The service also includes a member of staff from a non statutory partner Connections.

The YOS works in partnership to achieve the national Youth Justice strategic objectives which are to:

- prevent offending
- reduce reoffending
- increase victim and public confidence
- ensure the safe and effective use of custody.

The Youth Justice Plan provides an overview of how the Leicestershire YOS will link into partnership arrangements and deliver services in line with national requirements set out by the national Youth Justice Board (YJB). The plan provides a review of last year's plan, an overview of the YOS governance arrangements, the YOS structure and resources, local performance, identified risks, and highlight areas of development.



## 2. Review of Youth Justice Plan 2015/16

The 2015/16 Youth Justice Plan outlined the performance of the YOS against national performance indicators, and also highlighted a number of priority areas of work.

In relation to performance progress has been positive. The Reoffending rate is measured by tracking a cohort of offenders for a full 12 month period. First Time Entrants (FTE's) into the criminal justice system have reduced over the first 2 quarters of 2015/16 compared to the same period the previous year. The reoffending rate for the last cohort to be tracked nationally for a full year period, January to December 2013, showed a slight increase in reoffending rates. Finally in relation to custody there has been a very slight increase in the amount of young people receiving custody. However it is notable that performance within Leicestershire linked to all 3 national indicators compares very favorably to both regional and national figures.

Reviewing the priorities identified in the 2015/16 Plan linked to performance and quality standards, the significant issues have been;

- Imbedding the use of the national reoffending toolkit within YOS practice. The toolkit provides live data in relation to young people being case managed by the YOS. Regularly tracking the data has enabled the YOS to identify trends related to young people who go onto offend, and where appropriate escalate the level and nature of interventions.
- The Leicestershire YOS has been one of the first adopters nationally of the new case assessment and management system Asset Plus. All YOS case managers received training in the new system which went live in October 2015. There have been a number of minor administrative teething problems linked to the system, but early indications suggest that Asset Plus may lead to improvements in assessment and case planning.
- Quality and assessment work has developed within the YOS through imbedding the continuous improvement cycle within the service. Within the last 12 months the YOS has undertaken an internal short quality screening (SQS) of cases, a national standards audit of prevention and diversion work, and undertaken a number of internal thematic inspections based on risk which have included a thematic inspection of victims standards and the top 30 most complex cases. The learning from these inspections have been fed into bi monthly practice developments sessions with all case managers which have taken place throughout the year.
- The YOS has been involved in the multi-agency Young Adults Project (YAP), which has introduced a new local transitions protocol between the county and city YOS's and the national probation service (NPS). This has also been supported by the introduction of the Y2A portal developed by the YJB, which has enabled the electronic sharing of information between the YOS and NPS in line with a prescribed format.

During the year Ofsted asked if Leicestershire County Council and partners agencies would participate in a pilot joint target area inspection with a focus on Child Sexual Exploitation (CSE). The YOS was a part of this process. The inspection highlighted that the YOS had made positive steps in relation to the identification of CSE and along with partners had some areas for development.

The YOS has worked closely with the local CAHM's service. As a result, the offer of CAHM's support has been extended from statutory cases managed by the service to prevention and out of court disposal

cases. Prevention cases are referred for CAHM's support where an initial screening indicates that the young person may benefit from therapeutic support.

### 3. Governance

Leicestershire Youth Offending Service (LYOS) is located within Leicestershire County Council's Children and Families Service. The LYOS is overseen by a multi agency Management Board.

The YOS Management Board (YOSMB) meets four times a year and is chaired by the Chief Executive of Leicestershire County Council. There is high level partnership representation on the Board from Leicestershire County Council, Rutland County Council, East Leicestershire and Rutland CCG, West Leicestershire CCG, Leicestershire Partnership Trust, the NPS, Police and Police Crime Commissioner, Courts, and Housing. There are good working relationships with all partners that ensures effective, integrated strategic planning and delivery of youth justice services.

The vision of the YOSMB:-

“It is committed to work in partnership, sharing responsibilities and providing the necessary resources, to provide effective strategic oversight and direction to the Leicestershire Youth Offending Service (LYOS). Its direction will ensure that the LYOS is a high performing organisation that uses the principle of effective practice to provide high quality services to children, young people, and their families, with the principal aim of preventing and reducing offending, thereby making a significant contribution to safer communities”.

The Board is committed to achieving this vision by:

“Ensuring the co-operation of the mainstream services of the partner agencies through adequate resourcing, joint planning, shared objectives, and a commitment to work together to achieve better outcomes for children and young people.”

To assist the YOSMB in its oversight function an annual reporting cycle has been introduced. The Board meets quarterly and the cycle is designed to enable the Board to scrutinise all aspects of YOS activity linked to expenditure of the budget and progress against national performance indicators during the year. The Board receives progress reports in relation to financial expenditure and performance at each meeting, and is presented with reports on significant national and local youth justice developments likely to affect YOS performance and service delivery. Additionally reports on all other aspects of YOS work are provided to the Board under the structured cyclical arrangement, to support the oversight function.

- Quarter 1 - post court interventions, (including drugs, accommodation, bail support) and the Quality assurance process.
- Quarter 2 – Statutory interventions (Referral, Reparation, and Youth Rehabilitation Order performance) and non statutory provisions (including the work of volunteers and group work programmes).
- Quarter 3 – Specialist services (including Intensive supervision, transition from children to adult services)
- Quarter 4 – Pre court performance and YOS prevention programmes (including out of court disposal performance, IMPACT project, Youth Inclusion Support Programme and partnership projects)

## 4. Structure and Outline of the Service

The YOS is structured to manage both, prevention and pre court work with young people and manage and supervise statutory criminal justice outcomes. The YOS is structured into two multi skilled teams under a locality focused YOS manager and supporting senior practitioners. The locality based teams cover the north area, (North West Leicestershire and Charnwood), the south area (Rutland, Harborough, Blaby, Oadby and Wigston Hinckley and Bosworth and Melton), Each of the teams contains prevention and diversion case managers, post court case managers, qualified YOS staff, probation officers, police officers and a number of specialist staff each allocated to one of the locality teams (CAMHS, accommodation, prospects, substance misuse and education workers). The Bail Support Service and Integrated Resettlement and Intensive Support Project are also located in the locality operational teams.

The service also has a centrally managed Community Safety Team that supports the work delivered by the locality operational staff. This team includes the IMPACT project (a team focused on street based work in ASB hot spot areas), restorative justice team (Reparation and Victims workers), volunteer co-ordination, health pathfinder project, group work and Participation co-ordination, community engagement and ASB work. The service is also supported by a Quality Assurance and Development Manager and a Business Support Team.

A significant feature of the LYOS is that the service still maintains a strong prevention offer. Young people are assessed and case managed on a needs basis having been referred either through the police/YOS out of court disposal panel (NYPD), or by schools or other agencies through the district based locality hub meetings.

The structure outlined at appendix C, benefits from locality alignment. The approach enables YOS workers to form effective working links with other frontline workers based in localities. The YOS has been integrated into the LCC Early Help Services, aligning the YOS with other services focused on early intervention with children and families. The Early Help section forms part of the Children and Family Services department within the Leicestershire County Council.

## 5. Partnership Arrangements

Since inception in 2002 partnership working has been the cornerstone of the YOS service delivery. The YOS has therefore provided a central focus for the Youth Justice Plan.

Leicestershire YOS priorities are reflected in the Leicestershire Safer Communities Strategy Board priorities and links have been established with the Health and Well Being and the Leicester and Leicestershire Enterprise Partnership Boards.

The performance framework for the Rutland Community Safety Strategy includes a key objective to reduce re-offending through the improved management of offenders.

The Leicester, Leicestershire and Rutland Reducing Re-offending Board has a sub-regional Reducing Re-offending Strategy and Plan which reflects priorities for reducing re-offending by young people.

The YOS engages at sub-regional level with the Strategic Partnership Board, the Multi-Agency Public Protection Arrangements (MAPPA), and Prevent Steering Group. At county level the YOS is engaged with the Safer Communities Strategy Board, the Rutland's Children's Trust Board, the Leicestershire Substance Misuse Board, the Leicestershire and Rutland Safeguarding Children's Board (LSCB), and local Community Safety Partnerships (CSPs). YOS priorities are reflected in these strategic arrangements and plans.

The YOS is fully engaged with the Supporting Leicestershire Families and Rutland Changing Lives programme that seeks to provide intervention to those families across the County with multiple and complex needs as well as those families identified as at risk of going on to have these needs if their current needs are not met more effectively.

In relation to the national Prevent strategy the YOS also has a representative on the multi agency Channel meeting. The Channel meeting assists agencies working with vulnerable people meet their responsibilities under the Counter Terrorism and Security act 2015. The service has developed close links with the Leicestershire and Rutland Prevent worker introduced during 2015/16, which has supported the arrangements linked to vulnerable young people.

## 6. Resources

Over the last three years resources available to the Youth Offending Service have reduced. In 2013/14, there was a net reduction of £114, 000 in the Youth Justice Grant, no reduction for 2014/15 and a 17.4% net reduction of £107, 000 to the Youth Justice Grant for 2015/16. During 2016/17 a further 9.5% reduction was applied to the grant, however in 2017/18 an increase of 0.4% has been received.

The LYOS also had a 3 year savings requirement from the LCC medium term financial strategy (MTFS) between 2015/16 and 2017/18. This has been achieved to date through reductions to the IMPACT budget, reduction in case management and the services programmes team. Reductions in the Youth Justice Grant have been achieved by the removal of a manager and senior practitioner and remodeling the service. There is an opportunity to minimise the impact of these savings as a result of the YOS integration into the children and Families Service.

### Youth Offending Service Budget for 2017/18

#### Core Funding

Pooled Budget				
Agency	Staffing Costs	Payments in Kind	Other Delegated Funds	Total
Police & Crime Commissioner	£91,847		£77,934	£169,781
National Probation Service	£73,764		£33,533 £5,000	£112,297
Health	£70,945		£47,588	£118,533
Local Authority: Chief Executives C&FS Rutland			£298,303 £516,496 £70,000	£884,799
YJ Grant			£460,919	£460,919
<b>Total</b>	<b>£236,556</b>		<b>£1,509,773</b>	<b>£1,746,329</b>

#### Additional Leicestershire County Council Funding

Additional Funding	
Youth Inclusion Support Panels (formerly Early Intervention Grant)	£99,418
<b>LCC</b>	
Youth Crime Prevention	£174,446
IMPACT	£270,000
<b>Total</b>	<b>£543,864</b>

<b>Total YOS Budget</b>	<b>£2,290,193</b>

The National Probation Service (NPS) 1.5 FTE Staffing costs have been confirmed during 2017/18. The NPS other delegated funds for 2016/17 and 2017/18 will remain as above with the £5,000 Management contribution continuing for the duration of the three year plan.

## 7. Future delivery – Risks

The primary objective for partners linked to youth offending, is to prevent and divert young people from the criminal justice system. The risks to delivery against this overarching objective fall broadly into 3 categories. The risk of;

- Failing performance against national indicators,
- Failing to maintain quality standards leading to the increase likelihood of reoffending and more serious reoffending
- Potential reductions in funding leading to reductions in youth focused resources and services

### Performance against national and local indicators

Performance of the LYOS remains positive. The last 5 years performance is compared in appendix B.

To place LYOS performance into the national context, FTE's are measured by the amount of FTE's per 100,000 young people within the YOS region, custody rates by the amount of young people receiving custodial sentences per 1,000 young people, and reoffending rates by measuring the average number of additional offences committed by the number of young people within a cohort over a 12 month period.

In England there are 140 youth offending services. In terms of FTE's and reoffending the LYOS performance places the LYOS within the top 10% of services, and within the top 20% of services in relation to custody rates.

### Reoffending

In terms of reoffending national research conducted by the YJB in 2014 highlighted that reoffending rates were adversely affected by a small group of young people within the reoffending cohort who go onto commit numerous offences. The research indicated that a feature of this group is that the young people have complex problems frequently linked to their family and living arrangements, and Looked After Children (LAC) are disproportionately represented in this group.

In Leicestershire the percentage of Looked after Children (LAC) who offend is relatively low, but a review of young people in the local 2015 cohort highlighted that many have complex problems linked to their current and past living and family experiences. During 2016/17 the YOS has taken a detailed look at LAC young people who offend. This has highlighted that the proportion of young people offending in the care setting in the first three quarters of 2016/17 was 36% (4 out of 14). Nearly all the offences took place in private children's homes, and there was no hot spot location for the offences. Since 2014/15 the binary rate of LAC reoffending has fallen, and is now below the level of non LAC. This has to be viewed with caution due to the small sample size of LAC young people and that the sample methodology is different for non-LAC, and as a result this information can only be regarded as an indicator. The YOS has established a quarterly meeting between the YOS and LAC team, with the objective of reducing the number of LAC entering the youth justice system and that LAC young people are not dealt with

disproportionality compared to non LAC young people. The YOS will be continually seeking to develop working relationships with external agencies.

Internally the introduction of the reoffending toolkit and the trends this highlights has enabled the YOS to develop a robust problem solving forum with the LAC and Safer Leicestershire Families (SLF) teams since 2015. Externally the LYOS continues to second a YOS case manager to the police integrated offender management team (IOM) based at Mansfield House, and will develop strategies with local community safety partnerships with this complex group. Re-offending performance during 2016/17 showed a decline for the first time in 4 years and the lowest re-offending rate since 2010/11, which indicates that the YOS plan for managing Re-offending is having a positive outcome.

### First Time Entrants

FTE rates have been falling steadily since recording the FTE rate started in 2005/6. There has been a 62% reduction in FTE's between 2009/10 and 2014/15. In 2016/17 there was a slight rise in FTE's. There is a significant risk that the FTE rate across Leicestershire and Rutland may begin to rise. The performance around FTE's is affected by a number of factors, including national crime trends and partner agency procedures. However there are 2 major areas of practice linked to performance that the YOS is able to influence.

Firstly out of court disposal procedures. Currently the LYOS holds a joint weekly decision making meeting with the police and city YOS. The meeting considers all cases where young people have admitted to offending, and through reviewing information from YOS, police, partners, and taking into account the views of victims, determines the most appropriate course of action. The decisions from the meeting can range from; a decision to take no further action, introducing a restorative outcome, moving the young person through assessment and into YISP (prevention) case management based on the needs of the young person, or recommending formal action through the courts. Since inception of the LYOS meeting in 2013, FTE's have continued to fall, and evidence indicates that the increased use of informal action has been both appropriate and effective. A quarterly scrutiny meeting chaired by the police and involving partners from the voluntary sector, CPS, and magistrates court service, ensures that there is appropriate review of the out of court process. Additionally a review of performance reported to the YOSMB in 2015, highlighted that the reoffending rate of young people receiving informal sanctions is around 5%. The YOS will continue to develop the use informal sanctions through 2016/17.

The second issue linked to sustained FTE performance involves continuing the practice of case managing young people on the cusp of offending through the YISP project. The YISP project has traditionally been funded through additional LCC financial contributions, (over and above the LCC contribution to the partnership pooled budget). The research on social return on investment undertaken by the YOS in 2014 highlighted that for every £1 spent on YISP prevention work, the YOS and partners received a £2.59 return on the investment. As YOS funding becomes increasingly challenging the service will continue to work with partners and explore ways of preserving the YISP service. During 2016/17 the priority will be to explore closer links between the YISP service and other LCC Early Help services focused on families where offending behavior is or maybe an issue.

### Custody

In relation to young people receiving custodial sentences, the LYOS has had low numbers of young people receiving sentences for a number of years. There are several factors that affect rates of custody including the quality of YOS case management around young people with complex problems. However The LYOS has traditionally had an established team of staff focused on work within the court and

dealing with young people kept overnight in police custody facing a high likelihood of remand into custody. A priority will be for the LYOS to preserve an experienced court facing team who are able to explore and introduce appropriate alternatives to custody in high risk cases.

### Education

Locally the YOS aims for 80% of young people case managed by the YOS to be in education, employment, or training (EET), at the end of their court order. This target has been challenging and over the last 5 years the figure has ranged between 73% and 76%. Performance declined during 2016/17 (64.5%) which is a concern. The YOS currently employs a specialist education worker and an employment and training specialist seconded from Prospects. Internally the priority for the YOS has been to improve the identification and focused support work in relation to young people at risk of becoming not in employment, education, or training (NEET). Externally the longer term plan involves engaging with partners and strengthening arrangements around identified vulnerable groups in relation to NEET, (notably offenders, looked after children, and teenage parents).

### Maintaining quality standards

In 2013 the LYOS introduced a quality and development manager to co-ordinate YOS work in relation to quality standards. Feedback from the last national SQS HMIP inspection in 2014 was positive, but highlighted some areas for improvement. Since the audit the LYOS has developed a continuous improvement cycle. This cycle involves the YOS undertaking an internal inspection following the HMIP full joint inspection (FJI) or SQS format a minimum of once a year. The learning from the inspection is fed back to staff and managers, and any reoccurring or emerging national issues are considered for more tailored thematic inspection throughout the year. Additionally practice development training input sessions were held with all case managers and focuses on learning from the internal SQS and thematic audits. The priority issues moving into 2017/18 involve reviewing the effectiveness of Asset Plus against inspection standards, and looking to improve intervention planning together with emerging issues from the annual SQS.

### YOS funding

Over the last 3 years YOS resources have reduced due to reductions in funding from partners, reductions in the youth justice grant, and reductions in the additional LCC contributions through the LCC medium term financial strategy (MTFS).

YOS funding remains challenging over the next 3 year period from 2016/17 to 2018/19. Plans are in place to structure the service to meet the financial challenges in 2016/17 and 2017/18. In 2014/15 reductions were made to statutory case management in relation to young people on court related orders in 2014/15. The focus in 2016/17 and 2017/18 involves developing the YISP prevention and diversion service with SLF, and the IMPACT team with local community safety partnerships. Previously the YOS has undertaken workload analysis work, research on the value and effectiveness of internal prevention and diversionary services, and consulted with partners, and staff internally, while restructuring service and this approach will continue moving forward.



## 8. Service development

Due to the complexity of issues linked to young people who offend or are at risk of offending there are a number of emerging issues locally and nationally that may have a significant impact on offending across Leicestershire and Rutland moving forward.

### Resettlement

The priorities for the YOS will be to ensure that best practice identified through the East Midlands Resettlement consortium which was in place during 2014/15 is fed back into the service and influences practice around young people leaving custody. Viewing the consortium standards the local resettlement offer around education and employment support is reasonably strong, but the focus currently is ensuring that a young person's release accommodation is secured well in advance of them leaving custody. Improving the accommodation offer will be subject of development work with partner agencies.

### Child Sexual Exploitation (CSE)

In 2014/15 the police and LCC introduced a multi-agency CSE team. The inception of the CSE team has assisted the YOS in improving the identification of young people being at risk of involvement in CSE. The introduction of the multi agency strategy has led to the YOS issuing guidance to staff and introducing 2 service champions whose primary role is to assist in the co-ordination of the service response to CSE. To link into current developments the service continues to develop practice to improve identification of CSE by building links to the initial YOS assessment, and in turn improve referral pathways to the CSE team. The service is also linked into developing the partnership response to CSE through involvement in multi-agency operational CSE meeting.

### User voice

Listening to and understanding feedback from young people will be a key part of developing the service moving forward. The YOS is committed to undertaking an annual e-survey with a minimum of 20% of young people case managed by the service. The 2016 survey was very positive, highlighting high satisfaction levels in young people, in relation to their views being heard, work related to their safeguarding and wellbeing, and support work relating to their accommodation issues.

The area for development is linked to barriers to engagement, where in 2015 a third of young people felt that their reading or general learning capacity made it difficult for them to participate, this has reduced to a fifth in 2016. This is an ongoing area of development for the service, and the priorities will be develop by improving access to ETE and improved use of assessment through use of the tools in ASSET Plus.

### Disproportionality

The YOS will continue to monitor the characteristics of young people receiving criminal justice disposals. Current monitoring has not highlighted any disproportionality issues along the lines of gender or race. A national issue involves the over representation of Looked After Children in the cohort of young people who go onto reoffend. As highlighted the percentage of Looked After Children who offend is relatively

low in Leicestershire, but local reoffending rates involving LAC cases will be the subject of monitoring. Moving forward the YOS will continue to focus on LAC cases through identifying trends, introducing bespoke interventions through researching the reoffending toolkit, and through improving information sharing and problem solving with partners.

### Desistance

As a result of the HMIP Thematic on Desistance the YOS 2017/18 will be looking to develop how it intervenes with young people to ensure that it takes advantage of the learning of from the thematic inspection. Looking to build on the YOS use of strength based approaches to working with young people, improve the use of What do you think information in ASSET plus and looking at how families support can used to support reducing re-offending.

### Education Employment and Training

As a result of the decline in YOS performance in this area during 2016/17, the YOS will continue to it work internally to improve performance with its focus on identification of NEET young people and ensuring that the right actions are taken to draw them back into ETE. Additionally the YOS will be looking to improve its links Academies and Educational partnerships to reduce the risks of young people becoming NEET.

## **9. Risk Management**

The Risk Management Plan identifies and priorities the most critical risks to the LYOS's ability to work with partner agencies to meet national and local objectives.

The YOSMB will receive appropriate updates in regarding the services progress to in relation to the Youth Justice and Risk Management Plan during 2014/15.

## Appendix A

### Risk Management

Risk management is a critical element in ensuring the delivery of key priorities and outcomes. Risk management will be active and incorporated into our performance management framework.

\*Key - Impact and likelihood receiving a score between 1 and 3 with 1 representing the higher level of risk

Risk	Causes (s)	Consequences (s)	Risk Owner	Impact	Likelihood	Risk Score	List of current controls	Further Actions / Additional Controls	Residual Impact	Residual Likelihood	Residual Risk Score
The numbers of First Time Entrants (FTEs) each year will level off or increase.	* Year on year decreases in FTE numbers over the last 5 years across Leicestershire * Reduction in prevention funding	•Increase in the number of young people entering the CJS * Additional stress on already limited resources *Reductions in FTEs could result in higher re-offending rates, as those young people who do enter the youth justice system do so at a more serious level and are therefore more likely to re-offend than previously	Head of Service	2	2	4	*Monitor numbers of FTEs on a quarterly basis. * Identify areas of poorer performance and resolve issues identified in conjunction with partners. *Maintain YISP case management of YP on cusp of offending	Linking YISP case management focused on young people with SLF family focused interventions.	2	1	2

Risk	Causes (s)	Consequences (s)	Risk Owner	Impact	Likelihood	Risk Score	List of current controls	Further Actions / Additional Controls	Residual Impact	Residual Likelihood	Residual Risk Score
<p>Loss of funding leading to reduction of resources to support young people</p> <p>*Interventions not targeted effectively</p>	<p>*Current national economic climate</p> <p>* In year YJB cuts to the YOS grant</p> <p>*Reduction in funding to the YOS</p>	<p>*Impact on offending and reoffending rates</p> <p>*Young people not receiving the support to help them achieve better outcomes</p>	Head of Service	2	3	5	<p>*Ensure service reductions balance reviewing inefficient working practices &amp; reducing resources</p> <p>*Maintenance of effective prevention service</p> <p>*Integrate findings from social return on investment research into service reductions</p>	Ensure that resources are effectively targeted to minimise any potential impact.	1	2	2

Risk	Causes (s)	Consequences (s)	Risk Owner	Impact	Likelihood	Risk Score	List of current controls	Further Actions / Additional Controls	Residual Impact	Residual Likelihood	Residual Score
Low level use of remand and custody not maintained	<p>*potential spike in number young people committing serious offences</p> <p>*increase in the number young people persistently breaching court orders</p>	<p>*increase cost to Local Authority to fund remand beds</p> <p>YOS ability to maintain a bespoke court &amp; bail service</p> <p>*Impact on YOS and C &amp; F resources to manage young people in custody</p>	Head of Service	2	3	5	<p>Maintain current management strategies</p> <ul style="list-style-type: none"> <li>• Close liaison with the court</li> <li>• Maintain skills within bail management</li> <li>• Good use of YRO sentencing options</li> <li>• Ensure reducing reoffending in high risk group of YP a strategic priority</li> </ul>	Ensure that resources are effectively targeted to minimise any potential impact.	2	1	2

Risk	Causes (s)	Consequences (s)	Risk Owner	Impact	Likelihood	Risk Score	List of current controls	Further Actions / Additional Controls	Residual Impact	Residual Likelihood	Residual Score
Risk of Harm posed by or to young people not effectively identified or managed	<ul style="list-style-type: none"> <li>*Introduction of a new case management system, Assett Plus</li> <li>*The need to develop multi agency information sharing &amp; problem solving meetings</li> <li>*Risk not effectively managed by practitioners</li> <li>*assessments not effectively overseen and verified</li> </ul>	<ul style="list-style-type: none"> <li>*Young person commits a serious offence</li> <li>*A serious incident receives significant negative media coverage</li> <li>*impact on victim satisfaction and public confidence</li> </ul>	Head of Service	3	1	3	<ul style="list-style-type: none"> <li>*Maintaining an effective quality assurance process</li> <li>*Effective management process to monitor risk of harm and vulnerability processes to ensure delivery is maintained at a high standard.</li> <li>*Ensure lessons from national and local inspections, and taken forward with YOS managers &amp; through YOS practice development sessions</li> <li>* Ensure annual training priorities &amp; plan are linked to lessons learnt process</li> </ul>	Ensure that resources are effectively targeted to minimise any potential impact.	2	1	2

30

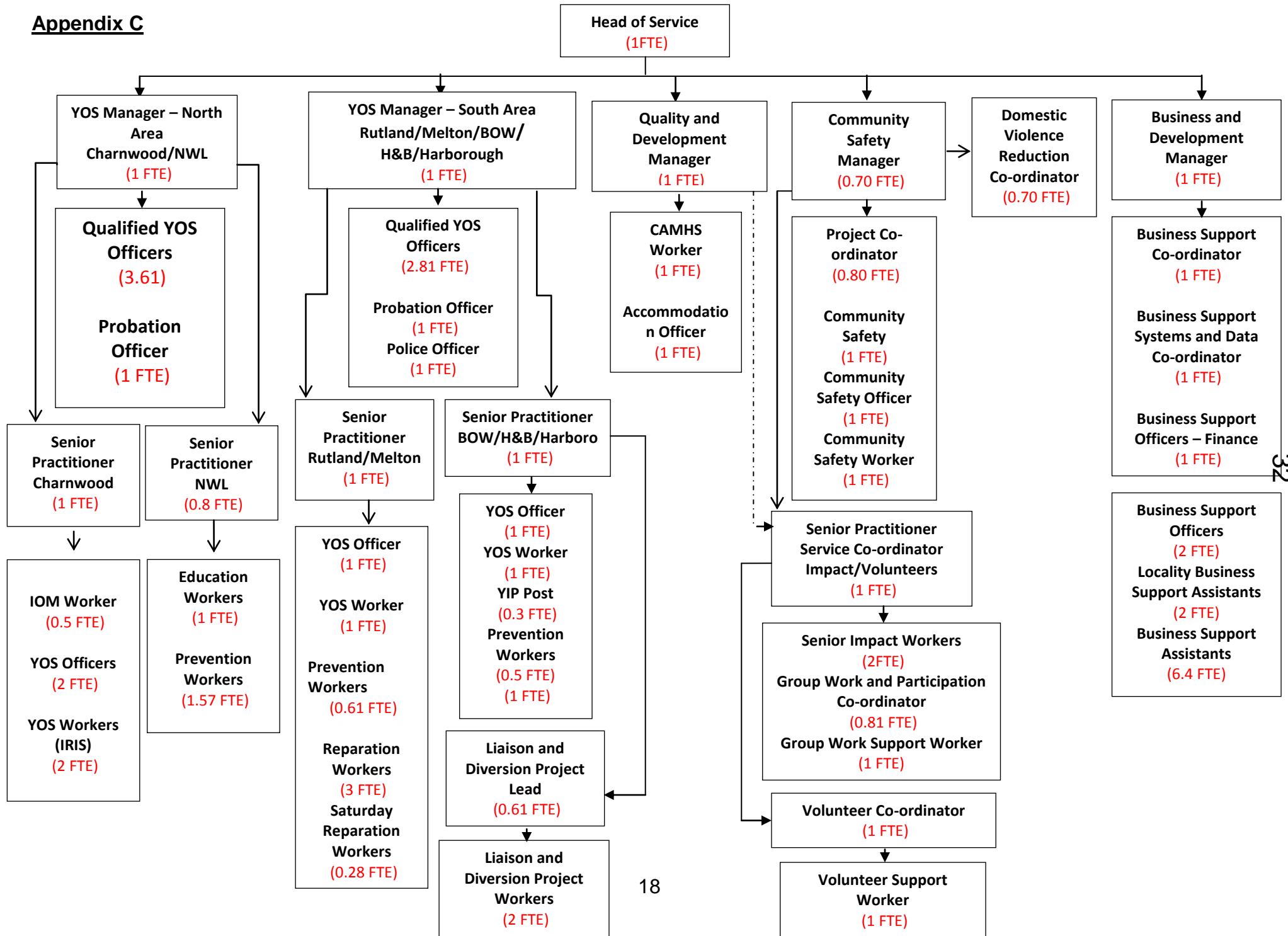
**Appendix B****Summary of Performance 2012/13 - 2015/16**

**Performance against the MOJ Indicators and the Local YOS indicator for 2012/13 to 2015/16 to date:-**

<b>National Indicator</b>	<b>Target 12/13</b>	<b>Apr to Mar 2012/13</b>	<b>April to Mar 2013/14</b>	<b>April to Mar 2014/15</b>	<b>April to Mar 2015/16</b>	<b>April to Mar 2016/17</b>
Reduction in First time Entrants	Year on year reduction	24.1% increase	-45.7% reduction	-14.0% reduction	34.7% reduction	+1.6% Increase (2)
Reduce the proven rate of re-offending	1.13	1.01	1.04	1.25	0.82	0.58 (April-Dec 16)
Custodial Sentences	<5%	1.9%	2.4%	4.2%	4.9%	1.3
Number of young people in suitable Education, Training and Employment	80%	76.6%	74.1%	73.7%	74.2%	64.5%

- **First time entrants:** *FTE's are young people who have received a substantive outcome which includes youth cautions (YC), youth conditional cautions (YCC) and outcomes received through the courts*
- **Rate of reoffending:** *The reoffending rate is measured by tracking all young people who receive a substantive outcome (includes YC's, YCC's, and all court outcomes) between 1<sup>st</sup> of January and 31<sup>st</sup> of March. The reoffending of the entire cohort is monitored each quarter for a 12 month period to determine the reoffending rate.*
- **Custodial sentences:** *The percentage figure is determined by monitoring the percentage of young people who appear at court, who go onto receive a custodial sentence.*
- **Number of NEET:** *This is determined by the percentage of young people not in employment education, or training, at the end of their court order.*

**Appendix C**






## Appendix D

The following table shows Staffing of Leicestershire YOS by Gender and Ethnicity, including volunteers.

Ethnicity and Gender	Managers Strategic	Managers Operational		Practitioners		Administrative		Volunteer		Total	
	Male	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
White British		1	2	13	33	1	13	26	83	41	131
White Irish										0	0
Other White										0	0
White & Black Caribbean				1	1					1	1
White & Black African				1						1	0
White & Asian									1	0	1
Other Mixed				1	3				4	1	7
Indian				9	11			2	2	11	13
Pakistani									4	0	4
Bangladeshi										0	0
Other Asian										0	0
Caribbean	1	2			2					3	2
African										0	0
Other Black					1			2	3	2	4
Chinese								2		2	0
Any other ethnic group										0	0
Not Known								1	5	1	5
<b>Total</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>25</b>	<b>51</b>	<b>1</b>	<b>13</b>	<b>33</b>	<b>102</b>	<b>63</b>	<b>168</b>

Of the above 135 volunteers, 129 of them have been trained in RJ

**Partner Sign Off**

	<b>Name Of Chief Officer</b>	<b>Signature</b>	<b>Date</b>
<b>Chief Executive, Leicestershire County Council</b>	<b>J Sinnott</b>		



## CABINET – 9 MARCH 2018

### MIDLANDS CONNECT – SUB-NATIONAL TRANSPORT BODY

#### REPORT OF THE DIRECTOR OF ENVIRONMENT AND TRANSPORT

#### PART A

##### Purpose of the Report

1. The purpose of this report is to advise the Cabinet of Midlands Connect's (MC) draft proposals to become a Sub-national Transport Body (STB) and to seek Cabinet's approval of the Authority's response to the proposals, with particular reference to the consultation on the proposed STB voting options and functions.

##### Recommendations

2. It is recommended that:
  - (a) Midlands Connect be advised that the Council agrees in principle to the draft proposed functions of the proposed Sub-national Transport Body, noting that precise detail will be subject to approval by all constituent members of Midlands Connect;
  - (b) Midlands Connect be advised that the Council's preferred voting option is Option i, voting weighted on a population base of one vote for every 200,000 people;
  - (c) Further clarity be sought from MC about its Scrutiny Committee proposal;
  - (d) The Director of Environment and Transport be authorised to respond to the Midlands Connect consultation on its draft Sub-national Transport Body proposal, taking recommendations (a), (b) and (c) into account;
  - (e) A further report be submitted to the Cabinet to ratify the finalised Sub-national Transport Body proposal, prior to submission to the Department for Transport.

##### Reason for Recommendations

3. To ensure that MC is aware of the County Council's views before it finalises its proposals to the Department for Transport to become an STB. In terms of voting, Option i provides fairer representation for constituent members. In principle the proposed functions of the STB are reasonable and sensible and will

add weight/benefit to MC's engagement with Government to secure transport investment to enable the Midlands Engine's future growth.

### **Timetable for Decisions (including Scrutiny)**

4. This report will be considered by the Scrutiny Commission on 7 March 2017 and its comments will be submitted to the Cabinet.
5. Each MC constituent authority will need to ratify the finalised Sub-national Transport Body proposals prior to submission to the Department for Transport (DfT), currently anticipated to be later in 2018 (but see paragraphs 52 and 53).

### **Policy Framework and Previous Decisions**

6. None.

### **Resource Implications**

7. MC allocated £70,000 in its 2017/18 programme to support the development of the STB. The ongoing financial management of this STB work will be undertaken in line with appropriate financial reporting and changes captured within MC's change control process.
8. If the STB receives Royal Assent constituent authorities will be required to make statutory contributions towards the costs of MC, subject to unanimous agreement by all MC members. MC has currently not specified the level of this contribution.
9. The apportionment of these contributions will be determined unanimously by MC members. MC would also be able to accept voluntary contributions to its costs from constituent authorities. Once MC is formally established as a STB an order should be made by the Treasury for it to claim relevant refunds of VAT.
10. The Director of Corporate Resources has been consulted on the content of this report.

### **Legal Implications**

11. The Cities and Local Government Devolution Act 2016 allows the Secretary of State for Transport to establish STB for any area outside of Greater London. STBs have devolved powers from central government, which allows them to develop and set transport strategy and important related matters.
12. The powers of each STB must be requested in a proposal to the Secretary of State, with the consent of all its constituent transport authorities, and then agreed in law (a statutory instrument is laid before Parliament before receiving Royal Assent).
13. The constitutional requirements for a STB are set out in section 102G of the Local Transport Act 2008. These include membership, voting mechanisms and executive arrangements.

14. MC is proposing to become a STB by spring 2020 and, if it received Royal Assent, it would be classed as a 'Local Authority' for the purpose of Section 101 of the Local Government Act 1972. This provides the flexibility to delegate the discharge of its functions to a committee, sub-committee, officer, or another Local Authority.
15. The creation of the STB is not intended to subsume, override or otherwise fetter any 'powers' of Leicestershire County Council as the Local Transport Authority.
16. The Director of Law and Governance has been consulted on the content of this report.

### **Circulation under the Local Issues Alert Procedure**

None

### **Officers to Contact**

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## PART B

### Background

17. The Midlands is one of the fastest growing and economically important areas within the UK. The region has enormous potential: over 11.5 million people; 14 cities, 20 world-class universities, two international airports, over 6 million jobs, and companies that export to 178 countries. Its economy is worth £220 billion to the UK.
18. While this vast potential remains undiminished, it also has the potential to be much more. One way to assist in unlocking this potential is to invest in a world-class transport system that connects the Midlands both within the region and externally to the rest of the UK and Europe.
19. Improving transport links to speed up journey times across the Midlands could secure an annual £1 billion boost to the region's economy, creating 300,000 additional jobs and saving businesses around £500 million.

### Midlands Connect and the Midlands Engine

20. MC was formed in 2014 to develop a transport blueprint to unlock economic growth across the region. It is not currently a statutory body nor does it have any powers. The MC Partnership is underpinned by two main principles:
  - Investing in the 'One Voice' approach to ensure the Midlands reaches a unified position on strategic transport investment.
  - An evidenced approach focused on clearly articulating the transport needs, opportunities and investment priorities in the region.
21. Membership includes:
  - 16 local authorities from across the East and West Midlands, including the West Midlands Combined Authority (see table at paragraph 43)
  - Local Enterprise Partnerships (LEPs)
  - Business community representatives
  - DfT, HS2 Ltd., Network Rail and Highways England
22. In November 2016, the Secretary of State for Transport, the Rt. Hon. Chris Grayling MP, cited Midlands Connect and Transport for the North as 'doing fantastic work, proving the benefits that come from local decision-making'.
23. On 23 January 2017, the Government published its Industrial Strategy Green Paper. This highlighted the added value of joined-up local governance:
 

*"We will continue to support better local decision-making structures for infrastructure planning, including the new mayoral combined authorities, and regional bodies like MC and Transport for the North. Strong and accountable place-based governance – with a clear business voice – will be critical to making the most of this additional investment."*

24. On 8 March 2017 the Chancellor of the Exchequer announced the Midlands Engine, which would aim to make the East and West Midlands an engine for growth for the UK economy, backed by business, local authorities and 11 LEPs. MC represents the strategic transport ‘arm’ of the Midlands Engine.
25. On 9 March 2017, the ‘Midlands Connect Strategy: Powering the Midlands Engine’ was published. MC is undertaking a number of studies to support the Midlands Engine, with the most relevant to Leicester and Leicestershire including:
- Leicester to Coventry direct rail link (LeNuCKLe)
  - Enhancement to Leicester to Birmingham rail connections
  - A46 Expressway
  - A5 Expressway
  - A42/M42 Expressway
  - Midlands Major Road Network (MRN)
  - HS2 Gateway.

MCs transport infrastructure proposals have the potential to unlock £500m in untapped economic potential and contribute to the wider government target of creating 300,000 new jobs over the next two decades.

26. MC is now consulting on proposals to become a statutory STB, as set out in the next section of this report.

#### Sub-National Transport Body (STB)

27. STBs are legal entities that are formal partners with government. They enable areas to come together and speak with one voice on strategic transport planning, in order to boost economic growth and development. Alongside Local Transport Authorities, STBs will play an important new role in shaping the investment strategies for national road and rail networks.
28. The Government’s Transport Investment Strategy (July 2017) highlights the added value that an STB can provide:
- “This unprecedented access to investment decision making is only possible as a result of STB’s unique role as the single voice for their region and the legitimacy that statutory status gives them to prioritise potential investments based on their regional transport strategies”.*

#### **Midlands Connect’s draft STB proposals**

29. MC is proposing to become a STB by spring 2020. Through MC, the leaders of the East and West Midlands will be able to identify the infrastructure priorities that the region wants and needs. The STB will have a duty to produce a regional transport strategy which will be essential in influencing the priorities of Highways England and Network Rail’s future investment programmes.
30. MC’s draft STB proposals are set out below. The finalised proposals will need to be ratified by each constituent authority prior to submission to the DfT.

31. The MC STB would be a 'Local Authority', able to delegate the discharge of its functions to a committee, sub-committee, officer or another Local Authority, with the exception of agreeing its budget and its transport strategy. As such, MC may establish a committee(s) to discharge any functions as are delegated to it.

### STB Membership

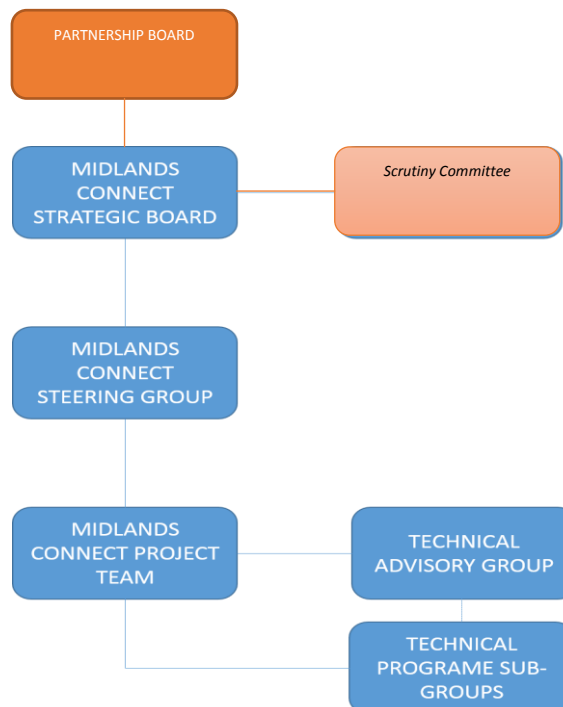
32. Only Local Transport Authorities (LTAs) can be full members of an STB. (There are 16 LTAs covered by MC, including the West Midlands Combined Authority - WMCA.) A Combined Authority, such as the WMCA, must represent its constituent members. An LTA can only be a full member of one STB (although it can be a non-voting member of neighbouring STBs).
33. Non-constituent members are a key part of MC's proposed governance structure. Co-opted (non-voting\*) Members include:
- DfT, Highways England, Network Rail, HS2 Ltd.
  - Local Enterprise Partnerships\*\*
  - West Midlands Combined Authority constituent members\*\*

\* *Unless voting members of the STB resolve that they should be given voting rights.*

\*\* *Arrangements to be formalised through the MC constitution, to be agreed by STB members.*

### Proposed Governance

34. The governance proposals for the STB are explained below. In effect the structure is not dissimilar to the current arrangements, with the exception of the Scrutiny Committee proposal, but bodies will be given more formal roles and powers reflective of MC becoming a statutory body (i.e. an STB).





35. The **Partnership Board (the full STB)** comprises all LTAs at elected member level. These will be voting members of the Board (see paragraphs 41 to 46 below, in respect of voting options). In addition, it is proposed that the Partnership Board will include co-opted (non-voting) members, including:
- a) An independent chair;
  - b) Representation from the DfT, Highways England, Network Rail, HS2 Ltd;
- Consideration would also be given to the inclusion of LEPs (which would include the Leicester and Leicestershire LEP) and representation from the individual authorities that form the West Midlands Combined Authority.
36. The **Strategic Board** comprises elected member representatives from the MC Partnership who are nominated from the wider Partnership Advisory Board on the following proposed basis:
- a. three West Midlands Local Transport Authority Leaders,
  - b. three East Midlands Local Transport Authority Leaders,
  - c. two West Midlands Local Enterprise Partnerships,
  - d. two East Midlands Local Enterprise Partnerships, and
  - e. various key partners of Midlands Connect
37. The **Steering Group** comprises officer representatives providing expertise and co-ordination to the Midlands Connect programme. The Steering Group will meet six times per year.
38. The **Technical Advisory Group** (and sub-groups) comprises officer representation from across the MC Partnership, including Local Transport Authorities, LEPs and other stakeholders
39. In addition, a **Scrutiny Committee** will be established. Legislation requires that a STB set out arrangements for the review and scrutiny of the discharge of functions. Each constituent authority will be entitled to appoint a member to the committee and it is proposed that each member will have a named 'substitute' who could attend in their absence. MC has not provided any details of the proposed scrutiny function at this stage, such as the mechanism for appointing members to the Scrutiny Committee or how the MC Committee might interact with scrutiny bodies of its constituent members. Further details of the MC scrutiny function should emerge as MC develops the STB's constitution. The constitution will need to be approved by all MC constituent members before it can be adopted and implemented.
40. Appointees to the Scrutiny Committee cannot be members, substitute members or co-opted members of MC, including at the Partnership Board or Strategic Board. They may include co-opted persons representative of non-constituent authorities and non-councillor representatives of passengers, road users, employers and employees.

### Voting Mechanism

41. It is expected that decisions of the Partnership Board will be normally made by consensus, which would ensure all members retain a valuable role, with the exception of the following decisions which would be subject to formal voting :

- i. The approval and revision of MC Transport Strategy
- ii. The approval of MC annual budget;
- iii. Any changes to MC constitution
- iv. Any matters referred to MC from the MC Strategic Board.

42. The two voting options are:

- i. Voting weighted on a population base of one vote for every 200,000 people\* (giving 50 votes in total) –MC’s preferred option; or
- ii. With one vote, one authority, but with the West Midlands Combined Authority having seven votes to account for its constituent members (giving 22 votes in total).

\* A floor of one vote minimum for authorities, e.g. Rutland, with less than 200,000 population

43. The voting metrics for the MC constituent authorities are provided in the table below.

#### MIDLANDS CONNECT - VOTING METRICS

##### MIDLANDS CONNECT CONSTITUENT AUTHORITIES

Midlands Connect Constituent Authorities	Population*	% of Midlands Connect area Population	Population Weighted – 200k'	'22 Local Authorities'
West Midlands Combined Authority	2,808,356	29.14	14	7
Staffordshire County Council	860,165	8.93	4	1
Nottinghamshire County Council	801,390	8.32	4	1
Derbyshire County Council	779,504	8.09	4	1
Lincolnshire County Council	731,516	7.59	4	1
Leicestershire County Council	667,905	6.93	3	1
Worcestershire County Council	575,421	5.97	3	1
Warwickshire County Council	551,594	5.72	3	1
Leicester City Council	337,653	3.50	2	1
Shropshire Council	310,121	3.26	2	1
Nottingham City Council	314,268	3.22	2	1
Derby City Council	252,463	2.62	7	1
Stoke on Trent City Council	251,027	2.61	1	1
Herefordshire Council	187,160	1.94	1	1
Telford and Wrekin Council	169,440	1.76	1	1
Rutland County Council	38,022	0.39	1	1
<b>Total votes</b>	<b>9,636,005</b>	<b>100</b>	<b>50</b>	<b>22</b>

\*population as per ONS 2014 Estimates

44. For either option:
- i. Decisions will require both a super-majority (consisting of two-thirds of the weighted vote to vote in favour of the decision) and a simple majority of the members appointed.
  - ii. No single authority would have a veto on decisions and at least nine members would need to vote in favour in either scenario.
45. Where proposals look at local transport functions, further safeguards would be set out to ensure any specific schemes require the consent of relevant LTA.
46. It is recommended that MC is advised that Option i. above (paragraph 42) is the County Council's preferred option, as it is considered that this provides fairer representation for constituent members.

#### Proposed Transport Functions

47. Any proposal can only include local transport functions that constituent members agree to. No functions are sought by the STB to the exclusion of local authorities. It is proposed that various transport functions should be exercisable by MC concurrently with the Local Authority or Passenger Transport Executive.
48. It is currently proposed that there will be five key STB transport functions:

#### **A. General core functions:**

- i. To prepare a Transport Strategy for the area.
- ii. To provide advice to the Secretary of State about the exercise of transport functions in relation to the area (whether exercisable by the Secretary of State or others) and to be a statutory consultee to the Secretary of State.
- iii. To co-ordinate the carrying out of transport functions in relation to the area that are exercisable by different constituent authorities, with a view to improving the effectiveness and efficiency in the carrying out of those functions or proposing to Secretary of State for transfer to STB if viewed as more effective.
- iv. To make other proposals to the Secretary of State about the role and functions of the STB; e.g. making recommendations to the Secretary of State on the Midlands MRN and its priority projects.

#### **B. Complementary functions:**

- i. To establish bespoke governance arrangements to support national investment programmes, such as the Road Investment Strategy (RIS):
  - information sharing and ability to submit advice to decision-making groups within DfT,
  - ensure MC provides a united voice within government and has direct engagement with key investment decisions that will ensure the best outcomes for the Midlands
  - not intended to limit abilities of individual LTAs to make representations to DfT.

- ii. To be statutory consultee regarding development of strategic/national rail development/investment documents:
  - work with DfT and support it by making informed recommendations to government
  - work with local authorities to ensure recommendations are complementary to any local representations
  - continue to support aspirations and activities of Transport for West Midlands and Transport for East Midlands and ensure strong working arrangements with both
- iii. To consider future opportunities for how MC can support Office of Rail and Road and Transport Focus:
  - monitoring performance of transport systems and effectiveness of investments

**C. Consistent roll-out of smart ticketing across the Midlands:**

- i. To act jointly with LTAs and Combined Authorities to create multi-modal ticketing schemes to cover any part of their areas, where requested or consented to.
- ii. To aim to work with DfT and HS2 Ltd. to ensure smart ticketing is enabled across all bus and rail options in the Midlands.
- iii. To have the capability to support local authorities, where they consent, to develop the procurement and delivery of any necessary digital infrastructure in their area, to ensure seamless travel with a smart ticket across the Midlands.

In respect of wider public transport functions, it is not proposed that the STB takes on any concessionary or operational functions of any constituent authority, therefore any relevant authority or operating company would be required to agree to the proposed delivery of any specific scheme.

**D. Use capital grants to develop and support the delivery of programmes with partners**

**E: Act as a statutory consultee for Rail Franchises in area**

- i. To work concurrently with LTA (function will not replace or infringe any existing powers of LTAs).
- ii. A memorandum of understanding will be developed with West Midlands Rail, and any future Passenger Transport Executives in the area, to ensure MC offer a supportive and complementary role in considering advice on franchising.
- iii. To work with LTAs to make proposals for the development and delivery of rail franchises which are wholly within the Midlands Connect Area.

49. Additionally, it is proposed that the STB will have ‘functional powers of competence’, which include miscellaneous functions to enable it to fulfil its role, e.g. in respect of staffing and pensions.
50. Officers are content that, in principle, these represent a reasonable and sensible range of functions that will add weight/benefit to MC’s engagement with Government to secure transport investment to enable the Midlands Engine’s future growth. MC intends to undertake further work to develop the detail of these functions and how they will be exercised in practice by the STB (including the development of a constitution for the STB); these will be subject to future approvals by MC members. This will provide opportunities to clarify the precise extent of functions, including in respect of any MC proposals for performance expectations for the MRN.
51. It is therefore recommended that the Authority responds to MC, advising that it agrees in principle to the proposed functions and noting that precise detail will be subject to approval by the MC constituent members.

### **MC Proposed Consultations**

52. On 15<sup>th</sup> February the MC Strategic Board were broadly supportive of the draft STB proposals. They also agreed that consultation on the proposals will be undertaken by MC on behalf of its constituent bodies (rather than each constituent body undertaking its own consultations). At the time of preparing this report, MC has yet to confirm the consultation timetable (a verbal update will be provided at the Cabinet meeting), but MC will use the formal consultation to engage with the following bodies:
- constituent members
  - West Midlands Combined Authority members
  - potential co-opted members
  - neighbouring authorities
  - sector and other ‘appropriate’ bodies or individuals.

### **Timeline and Next Steps**

53. The timeframe for the creation of the MC STB is shown in the table below:

<b>Topic</b>	<b>Date</b>
Consideration and agreement of preferred options, based on views of constituent bodies i.e. consultation responses	TBC (see para’ 52)
Midlands Connect ‘finalised’ proposals to Department for Transport (DfT)	TBC (see para’ 52)
Ratification of ‘finalised’ proposals by Midlands Connect constituent members	TBC (see para’ 52)
Submission of STB proposals to DfT(subject to the consent of its constituent bodies)	Autumn 2018 (subject to consultation timetable)

DfT consideration and Parliamentary process (leading to Royal Assent)	Autumn 2018, through to early 2020 <sup>(a)</sup>
Creation of Midlands Connect STB	Spring 2020 <sup>(a)</sup>

*(a) This is likely to be the earliest by which MC could become an STB. Actual timings will depend on a number of factors, including the consultations timetable; timeframe for DfT considerations of the STB proposal; drafting of the necessary Regulations; and availability of Parliamentary time.*

NB: Development of the STB's detailed constitution will be undertaken in parallel with aspects of this work.

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

54. As this is a MC initiative no Equality and Human Rights Impact Assessment (EHRIA) has been undertaken by the Authority. If appropriate, equality assessments will be undertaken by MC.

### **Background Papers**

None



**SCRUTINY COMMISSION – 7 MARCH 2018**

**EAST MIDLANDS SHARED SERVICE - PERFORMANCE UPDATE**

**REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

**Purpose of the Report**

1. To provide the Commission with an update on the performance of East Midlands Shared Service and its strategic priorities during 2017.

**Policy Framework and Previous Decisions**

2. In 2010 Nottingham City Council and Leicestershire County Council formed a partnership to jointly deliver HR administration, payroll and finance transactional services. The arrangements were agreed within the context of financial austerity and the requirement of local authorities to commission quality services at reduced cost.
3. In September 2010, the County Council's Cabinet agreed to establish a Joint Committee to oversee the operation of the Shared Service comprising elected members from both Councils. At officer level, each Council has a Sponsor, which at Leicestershire County Council is the Director of Finance.

**Background**

4. East Midlands Shared Services (EMSS) was created on 1 September 2012. The Employee Service Centre is based at County Hall in Leicestershire and the Finance Service Centre at Loxley House in Nottingham. Supported by an Oracle Enterprise Resource Planning System, the Shared Service offers a sustainable solution to deliver efficient, cost effective services.
5. In 2015, the Joint Committee approved the EMSS Strategic Plan 2015-18. Whilst the plan and overarching strategic priorities are still relevant, in June 2017 the Committee received a one year plan detailing the specific priorities for EMSS during 2017/18.
6. Work is currently underway drafting a new plan that will take EMSS forward over the next 3 years, 2018- 2021.

**Strategic Direction**

7. The current strategic plan confirmed that during 2015 and 2016 EMSS would work to lay the foundations for future years – consolidating and improving services and increasing the value EMSS delivers to its customers. It stated that from 2017 EMSS would focus on growth. During last year EMSS focused on two new business opportunities:

### **Potential partnership working with Nottingham University Hospitals (NUH)**

8. As part of their assessment of the options available for providing financial, payroll and procurement transactional services, NUH approached EMSS.
9. NUH had determined that whilst there is a do nothing option, which involved NUH becoming the most cost effective provider of these service to NUH; the Sustainability and Transformation Partnerships (STP) / national steer is that the days of dedicated in-house financial services models are numbered within the NHS, even for an organisation the size of NUH and consolidated shared service centres are considered to be the way forward.
10. A feasibility study conducted by NUH suggested that EMSS was the best overall option and following approvals within each organisation, work commenced on developing a full business case which will explore a two-phase approach. Phase one will be a period of collaboration looking to maximise the leverage of the combined resources. Should this phase prove successful then work would commence on creating a single, merged entity. The business case for Phase 1 will be produced in Quarter 4 with a view to seeking approval early in 2018/19.
11. Both organisations believe that the STP provides an excellent catalyst to explore new ways of working and can see the significant opportunity to mutually benefit from working collaboratively. EMSS has the opportunity to expand into a new sector including other NHS organisations, using the experience of NUH. NUH has the opportunity to hit the ground running to join a well-established and successful local shared service centre whilst continuing to use its own core HR (ESR) and Financial systems (Integra).

### **Direct Payments Payroll Service**

12. In March 2017, EMSS were approached by Nottingham City Council, regarding the provision of payroll services to citizens in receipt of Direct Payments.
13. Following concerns regarding the quality and consistency of Employment, Managed Account and Payroll Support providers, Adult Social Care had undertaken a project to consider whether there should be an insourced method to manage this process. It had been identified that £¾ million was being spent on these services, and there was concern whether the spend was cost effective or of sufficient quality for citizens.
14. A proposal for an insourced Employment and Managed Account Support service and a tender for a single Payroll provider with significant cost reductions went to NCC Commercialisation Board in January 2017. The Employment Support and Managed Account service was approved, but the Board asked for consideration that EMSS be given opportunity to provide a Payroll Service to citizens receiving Direct Payments.
15. The current annual expenditure for payroll services is £192k, covering payments to approximately 750 individuals. Whilst citizens may choose to remain with their current provider, it is anticipated that the new payroll service could expect to bring on 250 employers in year one. Payroll services of this nature are a potential growth area as CCGs across the country prepare to expand the availability of Personal Health budgets.



16. EMSS did not have any expertise in this specific sector however; following discussions with Leicestershire County Council during 2017, the Personal Budget Payroll Team within Adult Social Care and their payroll system (SAGE) have recently transferred into EMSS. The plan is to settle the team into their new environment, assess the effectiveness of the service and in the summer 2018 establish a partnership offering, which can be marketed more widely once it has delivered robust performance.

## **Technology**

17. EMSS is the business owner of the shared IT platform, Oracle. During 2017; the partnership formed the 'Fit for the Future' programme in response to two key milestones in relation to the current platform – the end of the current hosting contract in 2019 / 20 and the support for the Councils' current version of Oracle in 2021.

18. The current software version has a large amount of customisations with not all the standard functionality available within the software being utilised across both Councils. The impending contract end dates have provided the partnership with the opportunity to go beyond a system upgrade to invest in a new solution with considerable business transformation and associated changes to working practices.

19. The benefits to EMSS of a new system and a more transformational approach to implementation are vast. The procured software will enable greater standardisation and automation of processes across our customer base, simplify the on boarding of new customers, allow us to embrace new digital ways of working and reduce the current prohibitive licensing restrictions.

20. The Oracle Cloud, Software as a Service solution will also provide EMSS with a first class platform upon which to build the business, placing the shared service on an excellent footing system wise as the current system and associated processes has always hampered EMSS' ability to realise commercial opportunities.

## **Operational Performance - Employee Service Centre**

21. The Employee Service Centre (ESC) is responsible for HR administration, recruitment and payroll services. The ESC is made up of eight teams, providing a range of employee related services:

22. The Service Desk is the first point of contact for customers. It receives queries in all formats (telephone, electronic/email, post) and is responsible for swift and effective resolution of the query or prompt routing to a specialist team if the query is of a more technical/complex nature. The Service Desk dealt with a total of 46,308 enquiries throughout 2016/17 and customer satisfaction rated good or excellent was 90%.

23. The Recruitment Team is responsible for supporting managers with the end to end recruitment process, from placing adverts on the our East Midlands Jobs Portal to liaising with managers to ensure that the range of required pre-employment checks are completed. The Recruitment Team placed 1,970 adverts during 2016/17 and received 12,964 application forms. The Recruitment Team work on a turnaround time of 48 hours for placing adverts and is 99% compliant with this.

24. The team is also responsible for the management of the Disclosure and Barring Service (DBS) process which is provided by an efficient, externally hosted, on-line system. The system is high performing and as a result the quality of the service

provided by EMSS is very good. 11.5k DBS checks were processed by the team in 2016/17.

25. Two Payroll teams are responsible for actioning all detailed individual payroll changes, including the processing of timesheets for additional hours and absences. They also ensure correct deductions for National Insurance, pension and any salary sacrifice schemes available. The Payroll Control team undertakes the technical aspects of running the payrolls ensuring they are as accurate as possible before being released for BACS payment for salaries to reach people's bank accounts in time for payday.
26. The Payroll teams manage 144 separate payrolls with the following payment volumes on a monthly basis:

<b>As at April 2017</b>	<b>No of Payments per annum</b>
County Council (includes agencies, pensioners, LCC schools and academies)	609,315
Nottingham City Council (includes schools, academies and pensioners)	148,230

27. The most challenging area of service delivery is the payroll service to schools and academies due to the changing nature of the education sector and the development of multi academy trusts. This market does continue to be strong for the service, with the ESC gaining 14 former Leicester City Academies during 2017.
28. 2017 was a successful year for the payroll team in the Payroll World Awards, winning the Rising Star Award for one of the ESC Apprentices and gaining finalist status for customer service and seamless service delivery across the ESC.

### **Operations - Finance Service Centre**

29. The Finance Service Centre (FSC) is responsible for transactional finance activities - Accounts Payable and Accounts Receivable. The FSC dealt with a total of 79,972 enquiries during 2016/17. Currently, 79% of customers rated the service as good or excellent.
30. The Accounts Payable team is responsible for the timely processing of invoices for trade suppliers and feeder systems for individuals, in line with the payment terms for some 40,000 suppliers. In addition to processing, activities include supplier set up and maintenance, incoming queries are answered, supplier statements are reconciled and the team interacts closely with finance and procurement to improve Purchase Order compliance.
31. BACS payment runs are generated daily and cheque runs bi-weekly to ensure timely settlement of invoices in line with the late payment legislation to ensure where the debtor is a public authority; the payment period does not exceed 30 days from invoice date to reduce the impact of potential compensation and interest costs.

32. During 2016/17 the Accounts Payable team received 201,180 invoices, totalling £962 million.
33. The Accounts Receivable (AR) team is responsible for debt collection, cash allocation and query resolution. It creates and maintains customer accounts and ensures that invoices are generated accurately and on time. The team is responsible for collecting debt from a range of customers, including the public and commercial sector as well as individuals. The team have made considerable progress since 2014, reducing the overall LCC debt position from £4.3 million to £2.6 million by March 2016 and £1.6 million by December 2017.
34. The performance of the FSC could be improved further; as illustrated by the outcomes of the implementation of an electronic scanning solution. The system is designed to improve invoice processing time and reduce the manual intervention required, however it has highlighted that the FSC continues to receive challenges from both suppliers and partners on the enforcement of invoice compliance across both authorities. The percentage of rejected invoices remains an issue.
35. It is anticipated that the FSC will benefit hugely from the partnership wide focus on standardisation, automation and process compliance within the 'Fit for the Future' programme.

### **Resource Implications**

36. The overall EMSS budget for 2017/18 is £3.7 million, of which £1.6 million relates to the Oracle system.

### **Conclusions**

37. EMSS made significant progress during 2017 in improving performance levels and operating more commercially.
38. During 2017 EMSS embarked fully on realising its vision to 'deliver quality, affordable and resilient support services to the public sector'. The potential partnership with NUH would be a 'leading edge' for back office services across local government and health - developing a joint offering across the East Midlands under the EMSS brand.
39. The Direct Payments service offering is in line with the vision for EMSS and an excellent example of joint working and the benefits of shared services.
40. The Employee Service Centre is stable and high performing; however the Finance Service Centre still requires further improvement in terms of process compliance and standardisation. The 'Fit for the Future' programme and new Oracle Cloud solution are crucial to realising the full benefits of a finance shared service.
41. The EMSS Joint Committee is fully aware of the strategic priorities for the organisation, current organisational performance and improvement requirements through quarterly updates.

### **Background Papers**

Shared Services with Nottingham City Council – Cabinet, 7 September 2010  
<http://politics.leics.gov.uk/documents/s47156/E%20-%20Shared%20Services.pdf>

East Midlands Shared Service: Procurement of Managed Hosting Service – Cabinet, 26 July 2011

<http://politics.leics.gov.uk/documents/s55039/N%20east%20midlands%20shared%20services%20procurement.pdf>

East Midlands Shared Service: Consultancy Report – Cabinet, 13 September 2011

<http://politics.leics.gov.uk/documents/s56198/M%20-%20East%20Mids%20Shared%20Servs%20consultancy%20support.pdf>

### **Circulations under Local Issues Alert Procedure**

None

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

None.

### **Officers to Contact**

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## **SCRUTINY COMMISSION – 7 MARCH 2018**

### **JOINT REPORT OF THE DIRECTOR OF CORPORATE RESOURCES, CHIEF EXECUTIVE AND DIRECTOR OF LAW AND GOVERNANCE**

#### **EAST OF LUTTERWORTH STRATEGIC DEVELOPMENT AREA**

##### **Purpose of the Report**

1. The purpose of this report is to advise the Scrutiny Commission of progress with the East of Lutterworth Strategic Development Area (SDA), its inclusion in the emerging Harborough Local Plan, and the land assembly required to deliver the SDA. An exempt report on this matter will be considered by the Cabinet at its meeting on 9 March.

##### **Policy Framework and Previous Decisions**

2. The Cabinet considered a report on the Lutterworth SDA at its meeting in May 2016 and resolved to support the promotion of the scheme, in collaboration with relevant landowners. The Cabinet authorised the Director of Corporate Resources to undertake the necessary work to progress the promotion of the scheme, and to develop documentation to secure the SDA within Harborough District Council's Local Plan.
3. In September 2017 the Cabinet considered a report on the Corporate Asset Investment Fund Strategy and approved a number of investment acquisitions and development projects, including the purchase of the land in the SDA area owned by Hallam Land Management. The Scrutiny Commission also considered this report and its comments were submitted to the Cabinet.
4. The County Council's Medium Term Financial Strategy 2018/19-2021/22 (MTFS) is the key financial plan for the Authority. It was agreed by the Council on 21 February 2018 and includes planned savings of £37m over the four years, noting the need to identify further savings to bridge a £13m shortfall forecast by 2021/22.

##### **Background**

5. A strong economy, defined as Leicestershire having a growing and resilient economy so that people and businesses can fulfil their potential, is one of the five strategic outcomes in the County Council's Strategic Plan. The Council is able to directly contribute to delivery of this outcome through the acquisition of land to support economic growth.

6. The Council's Corporate Asset Investment Fund Strategy requires the Fund to be used to add to the Council's portfolio of property and land assets including County Farms, commercial industrial properties and the pooled investments with a view to:
- (i) Ensuring that there is a more diverse range of properties available to meet the aims of economic development;
  - (ii) Increasing the size of the portfolio;
  - (iii) Improving the quality of land and property available;
  - (iv) Ensuring the sustainability of the County Farms and industrial portfolio by replacing land sold to generate capital receipts and
  - (v) Providing a revenue income stream that can be used to support ongoing service delivery.
7. The proposed East of Lutterworth SDA is one of a number of schemes being funded by the Corporate Asset Investment Fund. It is an area of 516 acres. The County Council is in the process of acquiring all the land within the SDA and will do this through either private treaty or through Harborough District Council making use of its Compulsory Purchase powers. This will increase the deliverability of the SDA. Harborough District Council has resolved to use its powers in this respect if necessary in order to help ensure the development of the SDA and its Local Plan.
8. The proposed scheme involves the construction of 2750 dwellings, 56 acres of employment land, 2 primary schools, a local centre, extensive open space and green infrastructure together with major highways work including the construction of a new spine road (providing some traffic relief to Lutterworth), a new motorway bridge and substantial off-site junction improvements. The attached concept masterplan diagram (Appendix A) shows an indicative layout of the proposed development.
9. The SDA has been promoted on the basis set out above since January 2015 resulting in the SDA being selected as a preferred strategic allocation in the Submission Draft of the Local Plan in March 2017. The County Council has been acting as the Lead Promoter of the scheme since summer 2017.

### **Local Plan Process**

10. Harborough District Council's timetable for adoption of the Local Plan is currently:-

Harborough District Council approval to submit	March 2018
Examination in Public (Planning Inspector)	June 2018
Adoption by Harborough District Council	December 2018/January 2019

11. The passage through the Examination in Public is critical to securing the allocation of the SDA. The key issues on which the Inspector will need to be satisfied in recommending the inclusion of the SDA within the adopted plan are broadly as follows:-

- i. The land required to deliver the site is within the control of the promoter.
- ii. The development is viable, giving both landowners and developers the returns necessary for them to bring forward the development.
- iii. Any adverse impacts arising as a result of the development can be mitigated.
- iv. The development can be brought forward to a timetable that meets the housing and employment needs of the district.

12. The Cabinet on 9 March will be asked to approve various actions including the continued promotion of the site as part of the SDA, the purchase of further land, and the allocation of resources for submission of a planning application. This report will be exempt under paragraphs 3 and 10 of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

13. The remaining three issues have been addressed during the promotion of the SDA to the satisfaction of the District Council. Work is ongoing, in co-operation with Harborough District Council, to ensure that a robust case is presented to the Inspector, in particular:-

- Detailed assessments have been prepared by both councils demonstrating the viability of the scheme.
- The initial technical work on key issues such as highways and transport, the protection of Misterton Marshes Site of Special Scientific Interest (SSSI) and local heritage assets has indicated that the likely impacts of development can be mitigated to the satisfaction of relevant stakeholders.
- To demonstrate the delivery of the development in accordance with the Local Plan trajectory a timetable has been developed with the District Council for the preparation, submission and determination of an outline planning application and the progressing of the scheme with a view to the first houses being completed in 2021/22.

### **Housing Growth Fund**

14. The County Council has submitted Expressions of Interest to the Leicester and Leicestershire Economic Partnership (LLEP) and Homes England for grant funding from the Housing Growth Fund, the Housing Infrastructure Fund and the Local Authority Accelerated Construction Fund. Decisions are expected over the forthcoming months.

### **Resources Implications**

15. It is currently estimated that the long-term net capital receipt to the County Council will be in the region of £33m. This is based on the total value of the

development, construction costs, infrastructure work and so on. The capital receipt is subject to the inclusion of the SDA in the adopted Harborough Local Plan 2011-2031, achieving planning consents, and the state of the property market over the next 3 to 12 years.

16. Resources have been allocated from the Corporate Asset Investment Fund for the completion of the land assembly in order to give the County Council control of the whole SDA area.
17. The cost of the preparation and submission of the planning application is estimated to be around £600,000 to £700,000, a large proportion of which will need to be committed ahead of the formal adoption of the Local Plan by Harborough District Council to ensure that an application can be submitted at the earliest opportunity.

### **Circulation under the Local Issues Alert Procedure**

18. A copy of this report has been sent to Mr. B. L. Pain CC and Mrs. R. Page CC.

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

19. There are no Equality and Human Rights Implications directly arising from this report. Implications associated with the future development of the SDA, such as the making of Compulsory Purchase Orders, and applications for planning permission will be subject to Equality and Human Rights Impact Assessments (EHRIs) as appropriate prior to decisions being made.

### **Environmental Impact**

20. A full environmental impact assessment will be required as part of the submission of a Planning Application.

### **Appendices**

Appendix A – Concept Masterplan Diagram

### **Officers to Contact**

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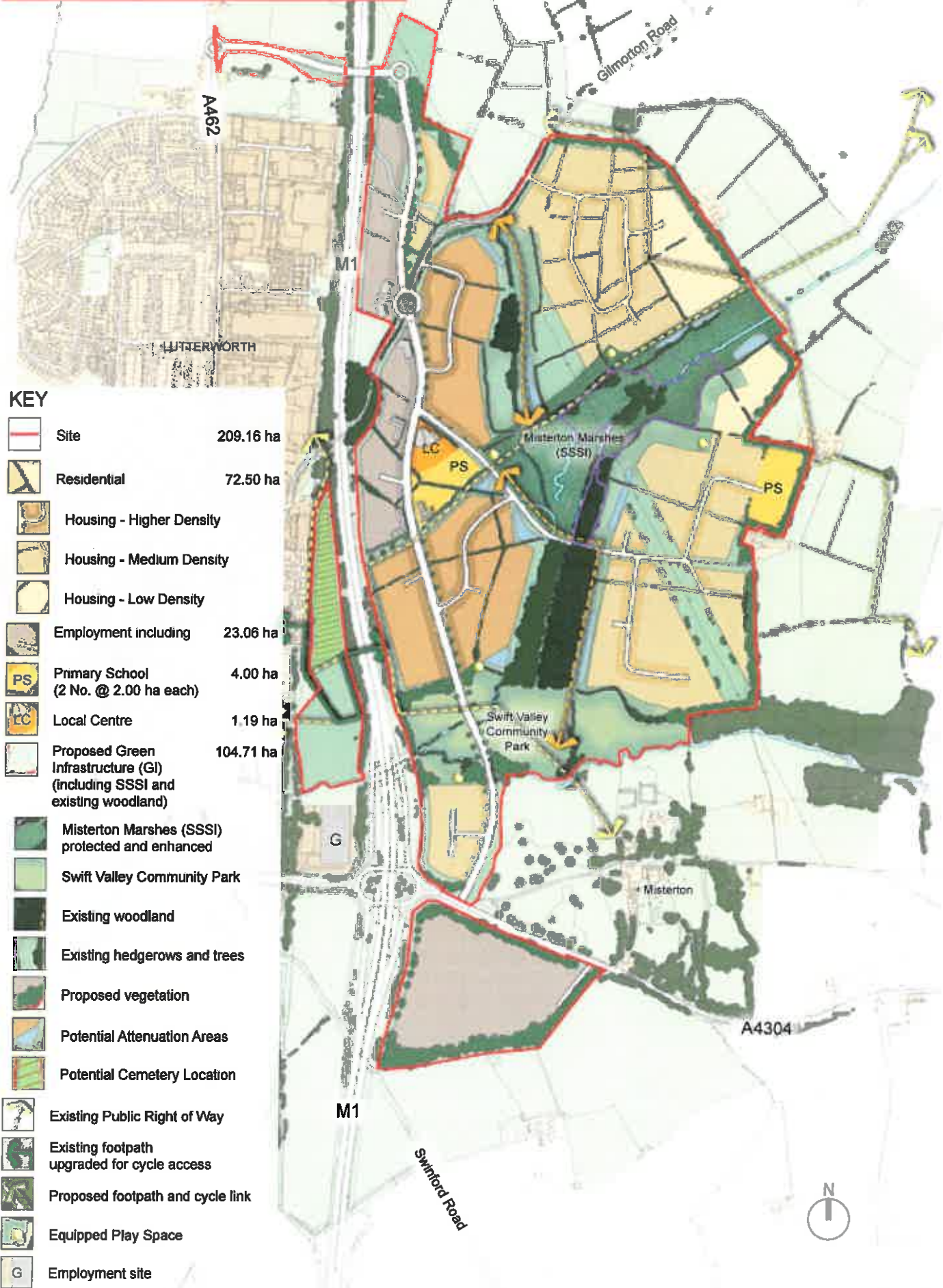
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Figure 9: Concept masterplan  
(Not to Scale)



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## **SCRUTINY COMMISSION – 7 MARCH 2018**

### **REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

#### **2017/18 MEDIUM TERM FINANCIAL STRATEGY** **MONITORING (PERIOD 10)**

#### **Purpose of Report**

1. To provide members with an update on the 2017/18 revenue budget and capital programme monitoring position.

#### **Policy Framework and Previous Decisions**

2. The 2017/18 revenue budget and the 2017/18 to 2020/21 capital programme were approved by the County Council at its budget meeting on 22 February 2017 as part of the Medium Term Financial Strategy (MTFS). The MTFS is monitored throughout the financial year.
3. The Cabinet on 23 June 2017 approved the following revisions to the 2017/18 revenue budget:
  - MTFS contingency not required: £4m
  - Inflation contingency – National Living Wage/ Fee Review increases in the Adults and Communities department budget not required: £5m
  - Business rates retained income – returns by districts indicate additional "local share" income due to the County Council: £1.1m
  - The £10.1m funding released by the changes above was added to the Revenue Funding of Capital budget to provide additional funding needed for future capital developments to achieve revenue savings and support necessary service investment.
4. The Cabinet on 15 September 2017 approved that £0.7m of the central inflation contingency balance be released to provide funding for the following issues relating to the Environment and Transportation department:
  - to improve response times in repairing reported pot holes: £0.5m
  - to manage school parking issues better (zig zag enforcement): £0.2m

## **Background**

5. The latest revenue budget monitoring exercise shows a net projected underspend of £7.4m.
6. The latest capital programme monitoring exercise shows net acceleration of £1.0m.
7. The monitoring information contained within this report is based on the position as at Period 10.

## **REVENUE BUDGET**

8. The latest revenue budget monitoring exercise shows a net projected underspend of £7.4m. The results of the exercise are summarised in Appendix 1 and details of major variances are provided in Appendix 2.

## **Children and Family Services**

### **Dedicated Schools Grant (DSG) Budget**

9. There is a forecast overspend of £1.4m on the DSG Budget. This will be funded from the DSG earmarked fund. The main variances relate to the following:
10. An overspend of £0.7m is forecast on placements for pupils with Special Educational Needs (SEN) mainly due to a shortfall in meeting the savings target of £0.7m as a result of increasing demand. Progress on reducing placements at independent schools has been significant, with a reduction in expenditure resulting in a saving of £1.6m against this element of the budget. In previous years expenditure with independent schools increased significantly whereas this year additional capacity, particularly through the development of specialist autism units, has been developed and reduced the number needing independent provision.
11. The Specialist Teaching Service is forecast to overspend by £0.4m; transformation of these services was delayed pending the recruitment of a service lead which will delay the £0.8m MTFs saving. This is partially offset by savings generated through non-recruitment to vacancies pending the restructure of these services. The project to deliver the restructure is now underway but full savings will not be realised until 2018/19.

### **Local Authority Budget**

12. An overspend of £4.4m (7.2%) is forecast on the local authority budget which is inclusive of additional posts in order to enable the department to deliver the Ofsted action plan where growth of £2m has been formalised within the 2018/19 MTFs. The main variances relate to the following:
13. Projections show a forecast £2.1m overspend on the Social Care Placement Budget. Over the past five years the County Council has seen a significant growth in its Looked After Children population, which has risen by 36% (an average of 7% each

year, from 375 in March 2012 to 510 in March 2017) and is projected to be 565 by the end of the current financial year.

14. Many other authorities are experiencing similar pressures with the Local Government Association reporting 75% of Councils overspending and a cumulative pressure of £600 million. Even with the rise the County Council's overall comparative rate of Looked After Children remains low, however the Council's use of residential care is high which given the very large cost of these kinds of placement is one of the main drivers for the increase in expenditure in this area. A Care Placement Strategy is being developed as part of the Transformation Programme with the aim of more effectively managing the main aspects of the Looked After Children's system to where possible impact upon demand and reduce costs. An action plan setting out a range of actions aimed to reduce the costs of placements was presented within the Period 4 budget monitoring reports to the Cabinet and the Scrutiny Commission.
15. Social care staffing budgets are estimated to overspend by £2.1m. Additional posts have been agreed in order to respond to issues highlighted by the Ofsted inspection in relation to caseloads and to respond to the post inspection action plan. Pending recruitment it has been necessary to engage agency staff for the additional posts and to provide capacity to cover vacant posts.
16. An overspend of £0.5m is forecast on the legal services budget as the number of court proceedings has increased.
17. Recruitment to Heads of Service is now complete, however the need to engage interim staff pending permanent positions being filled will result in an overspend of £0.5m within the Directorate.

### **Adults and Communities**

18. The Department is forecasting a net underspend of £4.4m (3.3%). The main variances are set out below.
19. The department's outturn position for 2016/17 was a £10.9m underspend, some of which will recur in 2017/18. £4m has already been adjusted for in the 2017/18 budget, as the underspend was forecast before the budget was set. A further £5m adjustment is mentioned earlier in this report and will be used to fund inflation increases on contract spend. The net effect of these adjustments is to reduce the impact on the 2017/18 budget to a c. £2m underspend.
20. Residential and Nursing Care is forecast to underspend by £3.5m. Expenditure on placements in the financial year is below budget due to additional service user and health income (£1.8m), reduction in the number of service users (£1.8m) and lower average care package costs (£1.0m). This has been offset by backdated arrears relating to the previous years (£0.8m) and the costs of debt management (£0.2m). The department is implementing reviews of high cost placements which are contributing to the reduction in costs and an action plan to reduce the instance of arrears in future through implementing weekly reviews of quality and timeliness of care packages. Debts have been rising in recent years requiring additional

investment in debt management. These costs were being funded from one off earmarked funds but due to the underspend can be funded from this budget.

21. Direct Payments (DP) is forecast to underspend by £1.3m. This mainly relates to the clawback of unused balances on payment cards (£2.1m), offset by an increase in cost of service user packages (£0.8m). A programme of work is being undertaken under MTFs saving 'AC5 Effective Management of Direct Payments and Personal Budget Allocations' to address the issue of over allocating the initial financial package. Other Initiatives are being implemented as a part of the review work and to date include:
- A training plan and accompanying guidance for staff to ensure that staff understand how the DP cards work and that they communicate this effectively to their service users when they are set up.
  - Checking to ensure that the DP card has been activated and that the service user has set up direct debits appropriately to pay their provider(s).
  - Investigating the possibility of paying Direct Payments in arrears to avoid overpayments.
  - A social care worker has been recruited to work, aligned to the Direct Payment Card team, to assist in the clawing back of funds over 8 weeks' worth of the value of the Direct Payment.
22. The Community Income budget is forecast to underspend by £0.9m in the current year due to increased income from service users.
23. The in-house provision of care services is underspending by £0.5m, due to a combination of lower demand and vacancies being held in advance of the savings requirement.
24. Other staffing areas are overspending by £1.1m. This is due to the number of vacancies arising following the departmental restructure which are filled with agency staff. The department is in the process of recruiting to the vacant posts which will reduce the agency costs in the future. In addition, there is £0.6m forecast spend on the department's transformation programme. Due to the Government's focus on Adult Social Care expenditure compared to previous years, and the overall departmental underspend, contributions of £1m from earmarked funds to offset part of these costs will not be used.
25. As in previous years the profile of service users and their care needs are constantly changing which may impact on the services commissioned. Detailed work continues to be undertaken to monitor the impact on the budget, which can be significant with demand led expenditure totalling c£160m.

### **Public Health**

26. The Department is forecast to achieve a net underspend of £1.1m. The main variances relate to an underspend on Local Area Co-ordination (£0.5m) due to a change in approach to target the service to priority areas rather than covering the entire County, and an underspend due to reduced numbers of Health Checks being

undertaken (£0.2m). Part of the net underspend is being invested in new Sexual Health accommodation – explained in more detail later in the report.

### **Environment and Transport**

27. The Department is forecast to have a net underspend of £0.9m (1.3%).

#### Highways

28. A net overspend of £0.6m is forecast. Overspends are forecast on winter maintenance (£0.4m) due to changes to shifts/rota and poor weather conditions (especially in December 2017), reactive maintenance (£0.3m) from repairs to a number of safety critical activities, road safety (£0.2m) from reduced use of earmarked funds and environmental maintenance (£0.2m) from additional forestry work required due to safety critical issues requiring attention, additional drainage repairs and additional jetting required to unblock gullies.

29. These are offset by underspends forecasted on staffing and administration for highways delivery and highways commissioning (£0.2m) due to vacancies and additional income, street lighting energy and maintenance works (£0.2m) due to early realisation of savings, highways management and training (£0.1m) due to vacancies.

#### Transportation

30. A net underspend of £0.4m is forecast. Underspends are forecast on mainstream school transport (£0.5m) due to contract efficiencies and lower demand for services, public bus services (£0.2m) and staffing (£0.1m). These are partly offset by overspends on concessionary travel (£0.3m), special educational needs transport (£0.1m) and social care transport (£0.1m) (all demand led services).

### **Environment and Waste**

31. A net underspend of £1.3m is forecast. Underspends are forecast on Landfill (£0.4m, net of additional treatment contract costs), and composting contracts (£0.1m) both due to lower tonnages than forecast including additional diversion to energy from waste facilities. Recycling and re-use credits are forecast to underspend (£0.4m) from a combination of tonnages being lower than expected and the estimated accrual made in the 2016/17 accounts being more than the final costs that were incurred. Forecast income (£0.1m) from trade waste is greater than budgeted and additional income from recyclable materials is forecast (£0.2m) as a result of the insourcing of the RHWS and the recyclable materials market being more buoyant than expected (although these material prices can fluctuate significantly).

### **Departmental and Business Management**

32. There is an overspend of £0.2m on the departmental business support budgets relating to recruitment, consultancy and additional staff costs.

**Chief Executive's**

33. The Department is forecasting a net underspend of £0.7m (6.5%). The main variances relate to an underspend of £0.1m regarding growth for a contribution to the running of the proposed Combined Authority not being required due to a delay in the decision by the Government, vacancies and other changes to staffing across the department of £0.4m and one-off income received by Trading Standards and Planning, Historic and Natural Environment, £0.2m.

**Corporate Resources**

34. Corporate Resources is forecasting an underspend of £0.4m (1.1%), primarily from staffing and other early savings ahead of future savings in ICT, Human Resources, Strategic Finance and the Customer Services Team.

**Carbon Reduction Commitment (CRC)**

35. The CRC requirement for 2017/18 is forecast to be £0.1m less than the original budget, reflecting reduced energy usage, particularly on street lighting as a result of the acceleration of the capital investment.

**Contingencies**

36. Transfers of £4.9m have been made from the updated inflation contingency, mainly relating to the 2017/18 pay award, increases in employer pension contributions, the Apprenticeship Levy, inflation required on transport and waste budgets and transfers of additional one-off funding to transport for pot hole repairs and school parking issues.
37. A balance of £3.4m remains in the contingency, to cover running cost and other inflation issues. It is estimated that around £3.3m of the contingency will not now be required and can be released as an underspend.

**Central Items**

38. Additional expenditure of £0.8m is forecast on the Revenue Funding of Capital heading, relating to the transfer of Pooled Property Fund investment income to a separate earmarked fund, to provide funding for future capital developments.
39. The Central Expenditure heading shows a net forecast underspend of £0.1m. The main variance relates to the Financial Arrangements budget, due to a higher anticipated dividend from the Eastern Shires Purchasing Organisation (ESPO), £0.1m.
40. Increased interest income of £0.7m is forecast, mainly due to higher balances than originally estimated.



41. Prior Year Adjustments are forecast to show a net underspend of £0.5m. A detailed review of prior year open purchase orders that are no longer required is being undertaken.

### **Business Rates**

42. The 2018/19 Local Government Finance Settlement included a technical adjustment to the basis of Business Rates Top Up and Tariff figures which also impacts on the amounts due in 2017/18. The County Council will receive £0.1m additional Top Up monies for 2017/18.
43. Section 31 grants are received regarding compensation for the loss of business rate income arising from various business rates reliefs granted by the Chancellor of the Exchequer. The 2017/18 MTFS included a forecast of £1.5m, however information subsequently received from the Government indicates a total of £1.8m will be due.
44. The County Council is undertaking quarterly monitoring with the District Councils and Leicester City Council regarding the 2017/18 Leicester and Leicestershire Business Rates Pool. The latest forecasts show a potential surplus of around £4.7m in 2017/18. The Pooling Agreement allows for any surplus to be transferred to the Leicester and Leicestershire Enterprise Partnership (LLEP) for investment in the wider sub-regional area.

### **Revenue Summary**

45. At this stage there is a projected net underspend of £7.4m.
46. There are commitments that will use part of the underspend, (total £5.9m). These are:
- Temporary extension of discretionary discount fund contributions for 2018/19 to allow time for districts to plan for the impact of withdrawal of County Council support (£0.1m).
  - Additional commitments for Environment and Transport requirements (£2m). This will be used to extend the improved response times in repairing pot holes funding to two years, to provide funding for the implementation of recommendations on managing school parking issues and to provide general support of highways expenditure in 2018/19. This will bring additional Environment and Transport funding provided from current year underspends to a total of £2.7m.
  - Future capital developments – requirements currently exceed identified funding. £3.3m from the potential underspend has been included in the financing of the draft MTFS 2018-22 capital programme.
  - Sexual Health Accommodation - £0.5m has been included in the draft MTFS 2018-22 capital programme as a contribution to Leicester City Council for the refurbishment of a new base for integrated sexual health services in Leicester, to generate ongoing revenue savings.
47. There are other potential future commitments that may need to be funded from the balance of the underspend (and other funding). These include:

- Ash Dieback – works to tackle the impact which could cost in the region of £5m over the next few years
- “Sleep in” shifts in Social Care - following a recent ruling that workers should be paid the national minimum/ national living wage. Third party providers will be liable, as the employing organisation. However, they may seek to recover costs from the County Council.
- Transformation – continue investment which is funded from one-off funding.
- Potential carry forward requests at the year end.

## **CAPITAL PROGRAMME**

48. The capital programme for 2017/18 totals £91.6m, including slippage of £3.6m from 2016/17. At this stage net acceleration of £1.0m is forecast.
49. The analysis in Appendix 3 shows the current status of delivery of projects analysed by three categories:
- L = Live Schemes: works have commenced or are in a position to start
  - P = Preparatory Schemes: schemes identified, require regulatory or internal approval
  - F = Funding Available: schemes at ideas stage
50. The main variances are reported below and in more detail in Appendix 4.

## **Children and Family Services (C&FS)**

51. The latest forecasts show a net underspend of £5.1m compared with the updated budget. The main variances are:
52. Provision of additional primary places, £4.3m net slippage. The main variances include:
- Burbage, Sketchley Hill Primary- slippage of £1.5m due to a delay in the start of the project following issues identified within the survey relating to highway, tree and ground works.
  - Market Harborough, Farndon Fields Primary - slippage of £1.2m, project is being delivered by the academy who have redesigned the scheme as a result of affordability issues.
  - Barwell Area Primary – slippage of £0.9m – project delayed pending a review of costs.
  - Hinckley, Richmond Primary - acceleration of £1m.
  - Underspends and Unallocated budget – underspend £2.1m. Underspends across various projects and funding set aside in unallocated budgets not fully used. Funding will be carried forward to 2018/19 for the development of place requirements for September 2018.

53. Wigston Area Special School; forecast underspend (£0.5m) mainly due to a contribution from the school towards part of the works.

### **Adults and Communities**

54. The latest forecast shows slippage of £0.6m compared with the updated budget. The main variances are:
- Mobile Libraries - £0.3m slippage as further mobile library vehicles are not expected to be purchased in 2017/18. The Cabinet has approved a review of the mobile library service, which is planned to take place in 2018/19.
  - Changing Places - £0.2m slippage as no identified schemes deliverable in 2017/18. There are potential schemes planned to take place in 2018/19.

### **Environment and Transport – Transportation Programme**

55. The latest forecast shows net acceleration of £3.3m compared with the updated budget. The main variances are:
- LED Street Lighting - £5.1m acceleration of scheme to enable early completion and early realisation of savings; additional installation gangs were contracted.
  - Transport Asset Management schemes - £0.4m overspend arising from additional patching and surface dressing pressures, partly offset by slippage on some scheme works including drainage and bridge maintenance. Additional pre-surface dressing patching required in preparation for next year's schemes.
  - A42 Junction 13 and M1 Junction 22 – £0.4m overspend due to additional technical/gas works required on the slip road and extra night time working patterns to ease traffic management.
  - M1 Junction 23 and A46 Anstey Lane - £0.3m acceleration for advanced works in preparation for the major schemes.
  - Zouch Bridge - £1.5m slippage as land purchase is being protracted and Public Inquiry required. Construction anticipated in 2019/20.
  - Hinckley Area Approach - £0.6m slippage due to additional consultation works being performed.
  - Advanced Design, Strategic Economic Partnership - £0.4m slippage in schemes to allow for alignment with external programmes.
  - Melton Depot - £0.4m slippage due to delays in finding an appropriate location for the new depot.

### **Environment and Transport – Waste Management**

56. The latest forecast shows net slippage of £0.2m which mainly relates to site drainage work at the Shepshed Recycling and Household Waste site which is likely to be completed in 2018/19.

## **Chief Executive's**

57. The latest forecast shows slippage of £3m on the Rural Broadband scheme being delivered through a contract with BT. BT have incurred delays that mean that contractual milestones have not been met and payments will slip into 2018/19.

## **Corporate Resources**

58. The latest forecast shows a net variance of £1.1m. The main variances are:
- Loughborough, Pennine House Area Office - £0.6m underspend due to a reduction in the refurbishment works required. Proposed works have now been profiled and a revised scheme has been re-costed.
  - Snibston Country Park - £0.2m slippage. Plans for the Country Park have now been submitted to the District Council, some objections received which may delay the scheme. Response is expected in February 2018.
  - ICT Unified Telephony/Skype scheme - £0.2m slippage as deployment to all departments across County Hall will continue until May 2018.
  - Beacon Hill Investment - £0.1m slippage. Business case and cost of the proposed Café is being reviewed resulting in a delay and work to 2018/19.

## **Corporate Programme**

59. The latest forecast shows net acceleration of £7.7m compared with the updated budget. The main variances relate to the Corporate Asset Investment Fund (CAIF): (amounts reported are the profiled estimates for 2017/18)
- CAIF - Embankment House, Nottingham – acceleration £12.6m, purchase is expected to be completed earlier than anticipated.
  - Energy Strategy – acceleration £0.6m as suitable schemes identified and cost efficiencies achieved from bringing works forward.
  - CAIF - Coalville Workspace – slippage £3.2m, the scheme is not financially viable and is being redesigned and re-costed
  - CAIF – Other projects - slippage of £2.3m; projects at Leaders Farm (£0.6m), Lutterworth East (£0.9m), Loughborough University Science and Enterprise Park (£0.6m) and Airfield Farm (£0.2m). Delays due to the complexity of the purchases, revision of scheme including planning approvals and agreements with third parties.
60. Due to changes to the CAIF programme it has been necessary to amend the budgets for the following schemes:
- Airfield Business Park - £2m reduction; the original budget included earmarked capital receipts in 2017/18 which will no longer be received due a revised scheme being developed. The revised project is included in the new MTFS 2018-22.
  - Coalville Workspace Project - £3.6m reduction; anticipated grant funding included in the original capital programme has been removed pending a redesign of the entire schemes.

- Rural Broadband Scheme - £2.2m reduction; funding from BT, originally included in the capital programme removed as BT will incur the costs directly against the grant.

### **Future Developments Fund**

61. The overall funding available for future developments currently totals £69m. This is an increase in the level reported in previous MTFS monitoring reports and is due to the release of funds from the autumn review of earmarked funds and additional contributions from the 2017/18 revenue budget underspend.
62. Several projects are being worked up and at this stage approval has been given to the following allocations to the capital programme:
- Workspace Strategy - Refurbishment of the former Fire Service cottages in Anstey Frith House, £0.5m.
  - Lichfield South – acquisition of property in December 2017, £11.4m.
  - Capital Programme – MTFS 2018-22 – £36m has been included in funding of the new capital programme, mainly to fund CAIF projects.
  - Total £47.9m.
63. The balance of funding available (£21.1m) will be carried forward and included in the MTFS 2018-22 to fund new projects. Further contributions to the fund are included in the MTFS 2018-22, from income from investments and additional Council Tax income, which result in a forecast balance available for future developments of £39m by 2021/22.
64. There is a long list of projects requiring funding over the next 4 years. These include investment in infrastructure for schools and roads arising from increases in population, investment in supported living accommodation, investment in community speed enforcement (depending on the outcome of the pilot), a new records office and collection hub, major IT system replacements (mainly Oracle which the Council has had in place since the early 1990s) and a contribution and underwriting of section 106 developer contributions for the Melton Mowbray distributor road. As schemes develop, they will be assessed and if agreed, funding released from the future development fund.

### **Capital Receipts**

65. The latest forecast of general capital receipts in 2017/18 is £8.0m compared with the revised budget of £7.3m.

### **Recommendation**

66. The Scrutiny Commission is asked to note the contents of this report.

## **Background Papers**

Report to County Council -22 February 2017 – Medium Term Financial Strategy 2017/18 to 2020/21

<http://politics.leics.gov.uk/documents/s126527/MTFS%202017%20-2021.pdf>

Report to Cabinet – 23 June 2017 – Provisional Revenue and Capital Outcome 2016/17  
<http://politics.leics.gov.uk/documents/s129536/FINAL%20201617%20Provisional%20Revenue%20and%20Capital%20Outturn.pdf>

Report to Cabinet – 15 September 2017 – 2017/18 Medium Term Financial Strategy Monitoring (Period 4) and Investment Proposals  
<http://politics.leics.gov.uk/documents/s131599/MTFS%20Period%204%20Report.pdf>

Report to Scrutiny Commission – 15<sup>th</sup> November 2017 – 2017/18 Medium Term Financial Strategy Monitoring (Period 6)  
<http://politics.leics.gov.uk/documents/s133157/P6%202017-18%20MTFS%20Report.pdf>

## **Circulation under the Local Issues Alert Procedure**

None.

## **Appendices**

Appendix 1 – Revenue Budget Monitoring Statement

Appendix 2 – Revenue Budget – Forecast Main Variances

Appendix 3 - Capital Programme Monitoring Statement

Appendix 4 - Capital Programme – Forecast Main Variances and Changes in Funding

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## **Equality and Human Rights Implications**

There are no direct implications arising from this report.

**REVENUE BUDGET MONITORING STATEMENT  
FOR THE PERIOD : APRIL 2017 TO JANUARY 2018**

	Updated Budget	Projected Outturn	Difference from Updated Budget		
	£000	£000	£000	%	
<b>Schools Budget</b>					
Delegated	98,737	98,737	0	0.0	
Centrally Managed	96,377	97,787	1,410	1.5	
Dedicated Schools Grant (DSG)	-195,114	-195,114	0	0.0	
Balance to/from DSG Earmarked Fund	0	-1,410	-1,410	n/a	
	<u>0</u>	<u>0</u>	<u>0</u>	<u>n/a</u>	
<b>LA Budget</b>					
Children & Family Services (Other)	61,679	66,109	4,430	7.2	RED
Adults & Communities	135,763	131,343	-4,420	-3.3	GREEN
Public Health *	160	-950	-1,110	n/a	GREEN
Environment & Transport	67,203	66,313	-890	-1.3	GREEN
Chief Executives	10,415	9,735	-680	-6.5	GREEN
Corporate Resources	33,121	32,751	-370	-1.1	GREEN
DSG (Central Dept recharges)	-922	-922	0	0.0	GREEN
Carbon Reduction Commitment	355	275	-80	-22.5	GREEN
Contingency for Inflation	3,406	106	-3,300	-96.9	GREEN
Total Services	<u>311,180</u>	<u>304,760</u>	<u>-6,420</u>	<u>-2.1</u>	
<b>Central Items</b>					
Financing of Capital	22,800	22,800	0	0.0	GREEN
Revenue Funding of Capital	27,950	28,750	800	2.9	RED
Central expenditure	3,426	3,286	-140	-4.1	GREEN
Central grants and other income	-13,956	-14,676	-720	5.2	GREEN
Prior year adjustments	0	-500	-500	n/a	GREEN
Total Central Items	<u>40,220</u>	<u>39,660</u>	<u>-560</u>	<u>-1.4</u>	
Contribution from Earmarked Funds	-1,000	-1,000	0	0.0	GREEN
<b>Total Spending</b>	<u>350,400</u>	<u>343,420</u>	<u>-6,980</u>	<u>-2.0</u>	
<b>Funding</b>					
Revenue Support Grant	-19,548	-19,548	0	0.0	GREEN
Business Rates - Top Up	-37,566	-37,676	-110	0.3	GREEN
Business Rates Baseline / retained	-21,783	-21,793	-10	0.0	GREEN
S31 Grants - Business Rates	-1,470	-1,810	-340	23.1	GREEN
Council Tax Collection Funds - net surplus	-5,596	-5,596	0	0.0	GREEN
Council Tax	-263,087	-263,087	0	0.0	GREEN
<b>Total Funding</b>	<u>-349,050</u>	<u>-349,510</u>	<u>-460</u>	<u>0.1</u>	
<b>Net Total</b>	<u>1,350</u>	<u>-6,090</u>	<u>-7,440</u>		

\* Public Health funded by Grant (£25.5m)

Underspending / on budget GREEN  
Overspending of 2% or less AMBER  
Overspending of more than 2% RED

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**Revenue Budget 2017/18 – forecast main variances****Children and Family Services****Dedicated Schools Grant**

A net overspend of £1.4m is forecast, which will be funded from the DSG earmarked fund.

The main variances are:

	<b>£000</b>	<b>% of Budget</b>
<b>High Needs</b>		
<b>Special Educational Needs (SEN)</b>	<b>715</b>	<b>1%</b>
<p>The 2017/18 MTFS included savings of £725k on SEN placements; the required saving has been met in part but the increased school population and increased demand for support is offsetting these savings. A number of actions have been put in place that are showing success in reducing costs; these include Graduated Response through the Oakfield short stay school which is preventing pupils entering into independent placements, an increase in the number of lower cost local placements, more effective transitional planning and strengthening assessment and commissioning arrangements. The final choice of place often isn't made until the young people get their exam results in August and is not known at the time of budget setting. A full reconciliation of July leavers and September starters has been completed and forecasts updated and unrequired "ghost places" released. Some budget areas could have additional pupils arriving during the remainder of the year if they move into the area or are assessed later. 5 families went to mediation because their children were offered lower cost school places than the ones requested and the forecast has been amended to show these increased costs. Costs for FE placements are now known and work is under way to review increased costs and negotiate a lower fee where possible. Additional complex cases have moved into the county and the forecast has increased to reflect this.</p>		
<b>Specialist Services to Vulnerable Groups</b>	<b>410</b>	<b>12%</b>
<p>The 2017/18 MTFS included savings of £790k on Specialist Teaching Services; whilst it is not expected that this saving will be achieved in 2017/18 some of the saving has been achieved by the non recruitment to vacancies and savings in placements of children with Autism Spectrum Disorder (ASD). The project has seen some delay pending the recruitment of a project lead; a lead is now in post and planning is underway and the project is included as a work stream within the High Needs Block Inclusion project. Recent years have seen more pupils with ASD being supported by alternative providers arranged by the Autism Outreach Intensive Support Service; these pupils have been reviewed to plan their future provision and some savings made. Further savings are likely in future periods as this work progresses. Some complex pupils will transfer to independent provision in SEN budgets as other provision does not meet their needs.</p>		
<b>Education of Children with Medical Needs</b>	<b>240</b>	<b>41%</b>
<p>Pupil numbers increased by 60 pupils between April and June 2017. Numbers usually rise in the autumn term and a further 10 pupils have been supported, increasing costs. A main provider has stopped taking new cases and alternative more costly provision may be need if more pupils are identified needing support.</p>		
<b>Other variances</b>	<b>45</b>	<b>n/a</b>
<b>TOTAL</b>	<b>1,410</b>	<b>n/a</b>

**Local Authority Budget**

The Local authority budget is forecast to overspend by £4.4m (7.2%). The main variances are:

	£000	% of Budget
<b>Children Placement</b>	<b>2,135</b>	<b>9%</b>
For 2017/18 the number of looked after children is projected to increase by 11% from 510 in March 2017 to 565 in March 2018. The average unit cost for children's placements is projected to increase by 5% from 2016/17, but is still a reduction of 9% from the position in 2015/16. The increase in cost in 2017/18 is related to the changing mix of placement provision and a higher than originally expected arrival of children entering care that require residential provision.		
<b>Children's Social Care Field Work Teams/Children in Care Team/ First Response / Child Sexual Exploitation /Practise Excellence /Safeguarding</b>	<b>1,640</b>	<b>12%</b>
Additional staffing costs in line with the agreed post Ofsted action plan, some of which has been covered by agency workers given current difficulty to both retain and recruit social workers.		
<b>Children's Social Care Legal Costs</b>	<b>520</b>	<b>102%</b>
The number of care cases that have been instructed to issue proceedings continues to rise and result in a budget pressure.		
<b>Directorate</b>	<b>490</b>	<b>59%</b>
Combination of delays in next phase of management restructure. Use of consultants is still expected and contributes to the overall projected overspend.		
<b>Fostering and Adoption Service</b>	<b>430</b>	<b>17%</b>
Increased demand on service, largely due to the increased volume of fostering assessments which requires additional capacity. Additional costs have also been reflected as a result of the agreed post Ofsted action plan.		
<b>Asylum Seekers</b>	<b>160</b>	<b>50%</b>
Demand on this budget significantly increased in the last financial year and is projected to do the same this financial year, which has resulted in increased need for additional staffing to manage demand. The majority of these children arrive spontaneously and become the statutory responsibility of the local authority in which they arrive. The overspend is reduced by grant funding of £92k announced in January 2018.		
<b>Premature Retirement Costs</b>	<b>120</b>	<b>18%</b>
Greater demand on budget based on current need.		
<b>Education learning and Skills - 5-19 Learning - IAG (Information, Advice and Guidance)</b>	<b>-425</b>	<b>-20%</b>
Contract for IAG with Prospects reduced from £1.4m p.a. to £0.7m p.a. from 1st October 2017. MTFS IAG savings contribution has been achieved earlier than expected (originally not expected until 2018/19).		
<b>Targeted Early Help</b>	<b>-335</b>	<b>-3%</b>
Underspends are due to staff vacancies and posts not in Local Government pension scheme.		
<b>Education Quality - 5-19 Learning</b>	<b>-260</b>	<b>-43%</b>
Additional income has been received which has reduced net cost to budget this financial year.		
<b>Other variances</b>	<b>-45</b>	<b>n/a</b>
<b>TOTAL</b>	<b>4,430</b>	<b>n/a</b>

### Adults & Communities

The Department is forecasting a net underspend of £4.4m (3.3%). The main variances are:

	£000	% of Budget
<b>PI Locality Teams</b>	880	32%
Filling vacant staffing posts following Adult Social Care (ASC) workforce strategy has been problematic and whilst recruitment continues, agency staff are used to maintain a safe service and not using earmarked funds of £0.4m to support temporary staffing.		
<b>Complex Mental Health &amp; Emergency Duty Teams</b>	620	24%
Filling vacant staffing posts following Adult Social Care (ASC) workforce strategy has been problematic and whilst recruitment continues, agency staff are used to maintain a safe service.		
<b>Department Senior Management and Transformation Programme</b>	605	n/a
Overspend due to not using earmarked funds of £0.6m for the departments transformation programme due to overall departmental position.		
<b>Homecare</b>	240	2%
Overspend due to an increase in number of service users. There are 1,586 service users per week receiving average package of 10.11 hours per week .		
<b>Whole Life Disability</b>	230	9%
Filling vacant staffing posts following ASC workforce strategy has been problematic and whilst recruitment continues, agency staff are used to maintain a safe service.		
<b>Safeguarding, DOLS and Court of Protection</b>	210	9%
Overspend mainly due to the loss of DoH grant (£0.3m) and offset by a reduction in other expenditure.		
<b>Extra Care</b>	120	22%
Additional care and wellbeing contract required for Loughborough Extra Care Scheme.		
<b>Community and Wellbeing Savings</b>	120	n/a
Delay in the implementation of Smart Libraries (late 2017) and a change request for the HR action plan to be implemented at the end of the project means that the £0.1m saving within the MTFS is unlikely to be achieved but will be offset by a range of one-off income and underspends through the service (contained within Other variances (under £0.1m) below).		
<b>Residential Care and Nursing</b>	-3,510	-6%
Reduction in number of service users (£1.75m) and lower average cost of packages (£1.0m), offset by care costs relating to previous financial years (£0.8m) and costs for debt management (£0.25m). Additional health and service user income is anticipated (£1.8m). There are 2,320 service users with an average care package cost of £706 per week.		
<b>Direct Payments (DP)</b>	-1,280	-4%
The main underspend relates to the clawback of unused balances on direct payment cards of £2.1m, offset by an increase in the cost of service users packages totalling £0.8m. There are 2,760 service users per week receiving an average package of £248.12.		
<b>Community Income</b>	-940	-5%
Increased income from service users. The position is after a £1.6m budget transfer to Home Care for additional Health income received for additional service users compared with the original budget estimates.		
<b>Community Life Choices (CLC) / Day Services</b>	-500	-15%
Underspends due to decline of new referrals to the in-house service therefore staffing has been scaled down as appropriate, vacancies held pending action plans for co-located services due to take place in November and vacancies as a result of the new CLC strategy implementation.		
<b>Business Support</b>	-360	-20%
Staffing underspend through vacancies as part of implementing the ASC workforce strategy.		
<b>Community Enablement and Reablement Team</b>	-155	-60%

Staffing underspend through vacancies as part of implementing the ASC workforce strategy.		
<b>Community Care Finance</b>	<b>-130</b>	<b>-11%</b>
Staffing underspend through vacancies as part of implementing the ASC workforce strategy and additional income from fees.		
<b>Aids, Adaptations and Assistive Technology</b>	<b>-140</b>	<b>-5%</b>
Staffing underspend through vacancies and reduced spend on running cost and equipment budgets.		
<b>Other variances (under £100k)</b>	<b>-430</b>	<b>n/a</b>
<b>TOTAL</b>	<b>-4,420</b>	<b>n/a</b>

### Public Health

A net underspend of £1.1m is forecast. The main variances are:

	<b>£000</b>	<b>% of Budget</b>
<b>Public Health Leadership</b>	<b>170</b>	<b>10%</b>
The overspend is on staffing costs due to the expansion of the Programme Delivery Team.		
<b>Local Area Coordination</b>	<b>-470</b>	<b>-47%</b>
The budget had been produced on the basis that there would be a large extension to the pilot, covering all of the County. A decision has since been taken to target the new service to priority areas as identified by the external evaluation. It is intended that the service will move into other areas over time.		
<b>Health Checks</b>	<b>-175</b>	<b>-29%</b>
Performance data for the first nine months indicates that the number of checks undertaken will be lower than budgeted.		
<b>Smoking and Tobacco</b>	<b>-130</b>	<b>-126%</b>
A dispute with the previous provider relating to 2016/17 has been resolved and as a result there will be a £108k underspend.		
<b>Sexual Health</b>	<b>-125</b>	<b>-3%</b>
There is reduced spend on demand led services, including Out Of County providers.		
<b>Other Public Health Services</b>	<b>-120</b>	<b>-31%</b>
There is a £100k underspend on Mental Health promotion activity as funding is being provided by the CCGs.		
<b>Public Health Advice</b>	<b>-100</b>	<b>-5%</b>
There is a planned saving of £72k in relation to the decommissioning of a contract mid year by C&FS as part of the Early Help and Prevention Review. This saving is contributing to the MTFS target of £1.5m savings by 2020/21.		
<b>Substance Misuse</b>	<b>-95</b>	<b>-2%</b>
A contribution of £111k has been received from the Office of the Police and Crime Commissioner; this is in respect of the contract with Turning Point.		
<b>Quit Ready</b>	<b>-65</b>	<b>-10%</b>
This is a new service delivery model and budgets were produced based on spend by the previous provider. Pharmacotherapy and other stop smoking aids however have not been required to the extent budgeted.		
<b>TOTAL</b>	<b>-1,110</b>	<b>n/a</b>

### Environment and Transportation

The Department is forecasting a net underspend of £0.9m (1.3%). The main variances are:

	£000	% of Budget
<b>Highways</b>		
<b>Winter Maintenance</b>	<b>420</b>	<b>26%</b>
Additional costs, partly from changes to winter driver shifts/rotas but mostly from additional salt, gritting and snow clearance due to poor weather conditions, especially in December 2017.		
<b>Reactive Maintenance</b>	<b>295</b>	<b>17%</b>
A number of Safety Critical activities including safety barriers and maintenance works, which need attention over and above what the budget provides.		
<b>Road Safety</b>	<b>260</b>	<b>101%</b>
Planned contribution from earmarked fund is now not going to be taken as it can instead be covered from underspends/early realisation of savings elsewhere within the department.		
<b>Environmental maintenance - Forestry and Gulley emptying</b>	<b>170</b>	<b>13%</b>
A number of Safety Critical activities which need attention over and above what the budget provides, additional jetting costs being incurred due to the number of blocked gulley's being found, and additional drainage repairs.		
<b>Street Lighting Maintenance</b>	<b>-220</b>	<b>-13%</b>
Underspend on energy costs due to acceleration of the LED programme and savings made on maintenance works.		
<b>Highways Delivery - Staffing &amp; Admin</b>	<b>-150</b>	<b>-5%</b>
Underspend due to vacancies, lower overheads and additional income from Temporary Traffic Regulation Orders , Fixed Penalty Notices, Section 74 and vehicle renewals, slightly offset by depot costs and a reduction in recharges.		
<b>Highways &amp; Transportation Management &amp; Training Costs</b>	<b>-125</b>	<b>-16%</b>
Underspend due to vacancies, mostly in trainee posts where post holders have secured permanent posts in the structure.		
<b>Transportation</b>		
<b>Concessionary Travel &amp; Joint Arrangements</b>	<b>250</b>	<b>5%</b>
Concessionary travel reimbursements to date suggest potential additional costs of £120k for 2017/18, as the downward trend of reimbursement costs was overestimated when budgets were set for 2017/18. In addition, bus company concessionary travel payment appeals have led to a further £130k overspend.		
<b>Special Educational Needs Transport</b>	<b>90</b>	<b>1%</b>
Overspend due to increasing number of pupils and risk assessment process which has identified individuals with more complex needs. The forecast overspend reflects the impact of new transport arrangements for the 2017/18 academic year. Partly offset by savings arising from the introduction of Personal Transport Budgets (PTBs).		
<b>Social Care Transport</b>	<b>75</b>	<b>2%</b>
Overspend forecast due to cost pressures as a result of increased demand. The recent review of Social Care Transport is starting to reduce levels of spend on Adult Social Care transport costs. Growth for 2018/19 onwards has included in the new MTFS to fund ongoing demand pressures.		
<b>Mainstream School Transport</b>	<b>-490</b>	<b>-10%</b>
Underspend forecast due to contract efficiencies and lower demand for services. Contract savings have arisen due to e-auctions and tendering efficiencies. Lower demand for services is due to policy changes (less eligible pupils) and alternative commercial options being available to parents.		
<b>Public Bus Services</b>	<b>-170</b>	<b>-7%</b>
Budget savings were identified when Public Bus Service budgets were set for 2017/18 and these savings were built into budgets as a contingency with a view to this potentially contributing to a future saving, but also as an element of protection against having to subsidise additional bus services/routes where they are no longer commercially viable. An element of the contingency will be required in 2017/18 but the remaining forecast underspend is £170k.		

<b>Transport Operations - Staffing and Admin.</b>	<b>-140</b>	<b>-13%</b>
Underspend mainly due to additional income for the Fleet Workshop, and to vacancies.		
<b>Environment &amp; Waste</b>		
<b>Treatment Contracts</b>	<b>320</b>	<b>3%</b>
Extra costs forecast at Energy for Waste plants at Coventry and Stoke due to waste diversion from Landfill.		
<b>Landfill</b>	<b>-770</b>	<b>-11%</b>
Underspend forecast due to diversion of waste from Landfill to more cost-effective Energy for Waste plants. Waste tonnages have also been lower than expected.		
<b>Recycling and Reuse Credits</b>	<b>-390</b>	<b>-12%</b>
2017/18 recycling and reuse credit claims are lower than expected due to reduced tonnages leading to an in-year forecast underspend of £260k. Also, the level of estimated accruals made at the end of 2016/17 was too high resulting in an additional forecast underspend of £127k.		
<b>Recycling and Household Waste Sites (RHWS)</b>	<b>-175</b>	<b>-6%</b>
Underspend due to additional income forecast from RHWS recyclable materials in 2017/18 due to income from scrap metal (which was originally forecast to be a cost to LCC but is actually delivering income) and also additional income from reuse. Income from recyclable materials can fluctuate depending on current market rates.		
<b>Composting Contracts</b>	<b>-140</b>	<b>-9%</b>
Forecasting less green waste due to warm weather (drier and therefore lower growth). Tonnages continue to be lower than expected.		
<b>Income</b>	<b>-120</b>	<b>10%</b>
Extra income forecast from increased trade waste.		
<b>Departmental &amp; Business Management</b>		
<b>Management &amp; Administration</b>	<b>170</b>	<b>14%</b>
Overspend due to additional spending required for Director and Assistant Director recruitment, consultancy, AECOM Operational Development Support and additional staffing costs for Departmental initiatives.		
<b>Other variances</b>	<b>-50</b>	<b>n/a</b>
<b>TOTAL</b>	<b>-890</b>	<b>n/a</b>

### Chief Executives

A net underspend of £0.7m (6.5%) is forecast. The main variances are:

	<b>£000</b>	<b>% of Budget</b>
<b>Registrars</b>	<b>55</b>	<b>-24%</b>
Income from weddings is lower than expected. In addition there has been a refurbishment of Wigston Registry Office which was not in the budget, this should increase income in future.		
<b>Planning and Historic &amp; Natural Environment</b>	<b>-210</b>	<b>-43%</b>
There are currently 2 FTE posts which are vacant but are expected to be filled during the year. £70k of the underspend is due to higher than expected Section 106 receipts. Additional income of £30k has been received for Historic Buildings advice and Archaeological Services.		
<b>Projects</b>	<b>-110</b>	<b>-42%</b>
The government has delayed its decision on the Combined Authority and as a result growth will not be required.		
<b>Trading Standards</b>	<b>-185</b>	<b>-12%</b>

Increased income for the Ports and Border Project has been received, partly offset by increased agency staff costs to undertake the work, resulting in an overall underspend of 60k. A regional investigation into a rogue trader has also led to additional funding from National Trading Standards Board (NTSB) which will generate an underspend of £65k. Staffing budgets, taking into account the NTSB projects, are forecast to underspend by £60k mainly due to the implementation of the new structure and lower than expected agency costs.		
<b>Democratic Services and Administration</b>	<b>-140</b>	<b>-9%</b>
Restructuring has resulted in lower staffing costs and also a number of new appointments made at the bottom of the grade.		
<b>Strategy &amp; Business Intelligence</b>	<b>-115</b>	<b>-3%</b>
Delay in the commencement of the new Place Management Organisation which is a joint company with the City Council has resulted in a £75k underspend. There are also underspends relating to vacancies including a Head of Service post.		
<b>Other variances</b>	<b>25</b>	<b>n/a</b>
<b>TOTAL</b>	<b>-680</b>	<b>n/a</b>

### Corporate Resources

An underspend of £0.4m (1.1%) is forecast. The main variances are:

	<b>£000</b>	<b>% of Budget</b>
<b>Commercial Services</b>	<b>100</b>	<b>-5%</b>
Shortfalls in income in Furniture and Sites Development, printing and catering. Commercial Services still showing a significant increase of £1m net contribution on last years activity.		
<b>ICT</b>	<b>-230</b>	<b>-2%</b>
Early delivery of savings through not replacing vacancies and contract savings.		
<b>Strategic Finance</b>	<b>-140</b>	<b>-4%</b>
Attrition and retirements not replaced in Finance as vacancies are held in anticipation of future year savings / impending Review. Work is being absorbed and prioritised accordingly.		
<b>Customer Service Team</b>	<b>-100</b>	<b>-5%</b>
Variance as a result of a Management restructure and staffing vacancies held in the Customer Service Team following departure of staff to Adult Social Care jobs.		
<b>TOTAL</b>	<b>-370</b>	<b>n/a</b>

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**CAPITAL PROGRAMME MONITORING STATEMENT (PERIOD 10)****APPENDIX 3**

Live schemes – Works have commenced or are in a position to start.

	Original Budget	Outturn adjustment and Changes in Funding	Updated Budget	Forecast	Updated Budget v Forecast Variance
	£000	£000	£000	£000	£000
Children & Family Services*	18,289	7,013	25,302	20,206	-5,096
Adults and Communities	3,351	738	4,089	4,103	14
E&T-Transportation	28,731	-497	28,234	33,177	4,943
E&T-Waste Management	300	20	320	159	-161
Chief Executive's	4,930	-113	4,817	1,818	-2,999
Corporate Resources	2,335	2,187	4,522	3,772	-750
Corporate Programme	7,180	7,795	14,975	27,109	12,134
<b>Total</b>	<b>65,116</b>	<b>17,143</b>	<b>82,259</b>	<b>90,344</b>	<b>8,085</b>

Preparatory schemes – schemes identified and requiring regulatory or internal approval.

	Original Budget	Outturn adjustment and Changes in Funding	Updated Budget	Forecast	Updated Budget v Forecast Variance
	£000	£000	£000	£000	£000
Adults and Communities	289	196	485	100	-385
E&T-Transportation	2,249	-173	2,076	392	-1,684
Corporate Resources	550	0	550	200	-350
Corporate Programme	4,090	1,880	5,970	1,540	-4,430
<b>Total</b>	<b>7,178</b>	<b>1,903</b>	<b>9,081</b>	<b>2,232</b>	<b>-6,849</b>

Funding available – for schemes at ideas stage.

	Original Budget	Outturn adjustment and Changes in Funding	Updated Budget	Forecast	Updated Budget v Forecast Variance
	£000	£000	£000	£000	£000
Adults and Communities	100	114	214	0	-214
<b>Total</b>	<b>100</b>	<b>114</b>	<b>214</b>	<b>0</b>	<b>-214</b>

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### Overall Summary

	Original Budget	Outturn adjustment and Changes in Funding	Updated Budget	Forecast	Updated Budget v Forecast Variance
	£000	£000	£000	£000	£000
Children & Family Services*	18,289	7,013	25,302	20,206	-5,096
Adults and Communities	3,740	1,048	4,788	4,203	-585
E&T-Transportation	30,980	-670	30,310	33,569	3,259
E&T-Waste Management	300	20	320	159	-161
Chief Executive's	4,930	-113	4,817	1,818	-2,999
Corporate Resources	2,885	2,187	5,072	3,972	-1,100
Corporate Programme	11,270	9,675	20,945	28,649	7,704
<b>Total</b>	<b>72,394</b>	<b>19,160</b>	<b>91,554</b>	<b>92,576</b>	<b>1,022</b>

\*Excludes Schools Devolved Formula Capital

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**Capital Budget 2017/18 – forecast main variances****Children and Family Services**

Net slippage of £5.1m is forecast compared with the updated budget. The main variances are:

	<b>£000</b>
<b>Provision of additional primary places</b>	<b>-4,347</b>
Burbage Sketchley Hill Primary - slippage £1.5m as a result of unexpected work identified within the survey relating to highway, tree and ground works. Market Harborough Farndon Fields Primary -slippage £1.2m - this is a passported scheme being delivered by the academy who have redesigned the scheme as a result of affordability issues. Barwell area primary - slippage £0.9m - project delayed pending a review of costs and value for money. Hinckley Richmond Primary - acceleration £1m - works able to start earlier than planned. Unallocated budget / contingencies and underspends - £2.1m .Underspends across various projects and funding set aside in unallocated budgets not fully used. Funding will be carried forward to 2018/19 for the development of place requirements for September 2018.	
<b>Wigston Area Special School</b>	<b>-460</b>
The school has contributed £400k towards part of the works resulting in an underspend.	
<b>10+ Structure Change</b>	<b>-383</b>
Delay on scheme at Launde School pending outcome of additional funding bid to ESFA.	
<b>Other variances</b>	<b>94</b>
<b>TOTAL</b>	<b>-5,096</b>

**Adults & Communities**

Net slippage of £0.6m is forecast compared with the updated budget. The main variances are:

	<b>£000</b>
<b>Mobile Libraries</b>	<b>-285</b>
Slippage as further mobile library vehicles are not expected to be purchased in 2017/18. The Cabinet has approved a review of the mobile library service – planning to be undertaken in 18-19 which will require reviewing the specification of vehicle that will be needed.	
<b>Changing Places / Toilets</b>	<b>-214</b>
At this stage there are no schemes identified that could be delivered in 2017/18. Slippage is required for 2 potential schemes in 2018/19.	
<b>Smart Libraries</b>	<b>-100</b>
The procurement process for the SMART libraries has been completed and the contract awarded recently. Planned works in 2017/18 are unlikely and will take place in 2018/19.	
<b>Other variances</b>	<b>14</b>
<b>TOTAL</b>	<b>-585</b>

**Environment and Transportation - Transport**

A net acceleration of £3.3m is forecast compared with the updated budget. The main variances are:

	<b>£000</b>
<b>LED Street Lighting</b>	<b>5,080</b>
Acceleration of scheme to enable early finish and early realisation of savings, additional installation gangs were brought in to accelerate the programme.	
<b>A42 Junction 13 and M1 Junction 22 - Major Schemes</b>	<b>403</b>

Additional technical and gas works required on the slip road and extra night time working patterns to ease traffic management.	
<b>Preventative Maintenance - Surface Dressing</b>	<b>368</b>
Extreme weather conditions have resulted in the programme being behind schedule. In order to bring the programme back on track the services of a top up contractor have been acquired. It is anticipated that all programmed jobs will now be completed this financial year. Additional pre surface dressing patching required in preparation for next year's schemes.	
<b>M1 Junction 23 and A46 Anstey Lane - Major Schemes</b>	<b>298</b>
Advanced works in preparation for major schemes.	
<b>Welfare Unit / Transportation</b>	<b>200</b>
Detailed assessment and design has resulted in additional cost required to make the depot fit for purpose.	
<b>Restorative Patching</b>	<b>69</b>
There are a significant number of category 2 defects that has resulted in an overspend on this budget. The pressure on the service has been mostly alleviated by the additional pothole fund grant received in February 2018.	
<b>Zouch Bridge</b>	<b>-1,459</b>
Slippage due to protracted Land purchase. Preparation underway for Public Inquiry, estimate of legal fees added. Land costs and advanced ecological works slipped into next year. Construction anticipated to commence in 2019/20.	
<b>Strategic Economic Plan - Hinckley Area Approach</b>	<b>-559</b>
Additional consultation works being performed which has delayed the works until 2018/19.	
<b>Advanced Design - Strategic Economic Partnership</b>	<b>-448</b>
Slippage in schemes to allow for alignment with external programmes including Local Plans, Strategic Growth Plan and NPIF scheme.	
<b>Melton Depot Replacement</b>	<b>-425</b>
Slippage as awaiting for a suitable site to be identified.	
<b>Flood Alleviation</b>	<b>-217</b>
Some schemes being slipped into 2018/19 so they can be undertaken in more appropriate weather conditions. Also some schemes will not progress due to more time needed to develop the projects.	
<b>Other variances</b>	<b>-51</b>
<b>TOTAL</b>	<b>3,259</b>

### Environment and Transportation - Waste Management

Net slippage of £0.2m is forecast compared with the updated budget. The main variance relates to:

	<b>£000</b>
<b>RHWS Improvements - Drainage and General</b>	<b>-161</b>
Shepshed RHWS drainage improvement works likely to be completed in 2018/19, to follow on from works being completed at a different site. Some works at Loughborough WTS will now take place in 2018/19 due to operational constraints.	

### Chief Executives

Slippage of £3.0m is forecast compared with the updated budget. The variance relates to:

	<b>£000</b>
<b>Rural Broadband Scheme</b>	<b>-2,999</b>
In February 2018, the contract with BT went into default and therefore no further payments are expected to be made in the current financial year. The default has come about as a result of delays in achieving contractual milestones. Discussions are taking place with BT to bring them out of default and work is continuing on the project. It is expected that funds will be spent in 2018/19.	

### Corporate Resources

Underspend of £0.6m and slippage of £0.5m is forecast compared with the updated budget. The main variances are:

	<b>£000</b>
<b>Loughborough, Pennine House Area Office</b>	<b>-550</b>
Underspend due to the reduction in the refurbishment works required. The proposed works have now been profiled and a revised scheme has been re-costed.	
<b>Snibston Country Park Future Strategy</b>	<b>-200</b>
Plans for Country Park have now been submitted to Planning - some objections received which may delay the scheme. Response expected in Feb 2018, slippage to 2018/19 as a result.	
<b>Beacon Hill Café and Education Centre</b>	<b>-150</b>
Business case and cost of proposed Café at Beacon Hill is now being reviewed and, as such, the scheme is likely to slip into the next financial year.	
<b>ICT - Unified Telephony / Skype</b>	<b>-180</b>
Deployment of the Skype for Business hardware (and subsequent implementation) to all departments across County Hall will continue into April and May, requiring an element of budget to be slipped into 2018/19.	
<b>Other variances</b>	<b>-20</b>
<b>TOTAL</b>	<b>-1,100</b>

### Corporate Programme

Net acceleration of £7.7m is forecast compared with the updated budget. The main variances are:

	<b>£000</b>
<b>CAIF - Embankment House, Nottingham</b>	<b>12,598</b>
Acceleration of investment scheme due to early completion of purchase than anticipated.	
<b>Energy Strategy</b>	<b>582</b>
Acceleration of programme due to identification of suitable schemes and cost efficiencies achieved from bringing works forward.	
<b>CAIF - Coalville Workspace Project</b>	<b>-3,232</b>
The scheme is currently being redesigned as it is financially unviable and will then be re-costed and re-programmed. Revised timescales to align with Growth Deal 2 and sale of Workspace 17.	
<b>CAIF - Lutterworth East</b>	<b>-920</b>
Slippage on the programme due to delay in completion of the purchase.	
<b>CAIF - Leaders Farm Office Projects</b>	<b>-618</b>
Full planning application submitted in August 2017 and approved on 14th December 2017. Work anticipated to start on site in February 2018. Delay in proposed tenant signing lease.	
<b>CAIF - Loughborough University Science &amp; Enterprise Park (LUSEP)</b>	<b>-580</b>
Slippage due to delay in negotiations with the University.	
<b>CAIF - Harborough Accelerator Zone (Airfield Farm)</b>	<b>-153</b>
A revised scheme is being developed which has delayed progress. The new scheme is being included in the new MTFS 2018-22	
<b>Other variances</b>	<b>27</b>
<b>TOTAL</b>	<b>7,704</b>

### Capital Programme - Changes in Funding

<b>Outturn Adjustments - 2016/17</b>	<b>£000</b>
Children & Family Services	-3,235
Adults & Communities	314
E&T - Transportation	-870
E&T - Waste Management	20
Chief Executives	24
Corporate Resources	1,422
Corporate Programme	5,943
	<b>3,618</b>

## 2017/18 Adjustments

<u>Children and Family Services</u>	
Reprogramming to 2017/18 (acceleration) £7.2m: - Hinckley Richmond PS - £2.0m - Barwell Area Primary Places - £2.0m - Sketchley Hill PS - £1.8m - Earl Shilton, Townlands PS - £0.9m, and - SEND Initiatives - £0.5m	7,176
Early Years Capital Fund Grant - original £683k reduced by £369k as three schemes have now been withdrawn and the funding reclaimed by the Government.	314
Section 106 - capital contributions unapplied (capital reserves).	1,314
Section 106 - various contributions to school accommodation programme.	960
School Condition Grant - adjustment for final allocation.	24
Contribution from School - Wigston Area Special School	398
Poplars (Nursery) Early Years - general capital receipts.	62
<u>Adults &amp; Communities</u>	
Disabled Facilities Capital Grant - adjustment for final allocation.	350
Hinckley The Trees, Transforming Care - funded by £55k from capital contributions unapplied and £329k from Improved Better Care Fund.	384
<u>Environment and Transportation - Transport</u>	
Melton Eastern Distributor Road - removal of grant, now revenue.	-800
Speed Awareness Pilot - funded from MTFS carried forward from 2016/17	300
Pothole Scheme - funded from Inflation Contingency MTFS, Cabinet Report Period 4.	500
Camera Car - funded from Inflation Contingency MTFS, Cabinet Report Period 4.	200
<u>Corporate Resources</u>	
Unified Telephony/Skype - funded from Transformation earmarked fund.	285
Anstey Frith Cottages - funded from Future Capital Development earmarked fund.	480
<u>Corporate Programme</u>	
Airfield Business Park - earmarked capital receipts no longer being sold due to the scheme being redesigned.	-2,013
Coalville Workspace Project - grant funding estimated from Growth Deal 2 removed as scheme is being revised due to being financially unviable.	-3,617
Rural Broadband - funding originally anticipated from BT removed as BT will incur the costs direct.	-2,213
Lichfield South - Asset Investment Scheme funded from Capital Future Developments Fund.	11,438
<b>Sub Total</b>	<b>15,542</b>
<b>Overall Total</b>	<b>19,160</b>