



Meeting: **Scrutiny Commission**

Date/Time: **Wednesday, 6 March 2019 at 10.30 am**

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

Contact: **Mrs R Whitelaw (Tel: 0116 305 2583)**

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Membership

Mr. S. J. Galton CC (Chairman)

Mr. P. Bedford CC Mr. J. Morgan CC
Mr. D. C. Bill MBE CC Mrs. R. Page CC
Mr. M. H. Charlesworth CC Mr. A. E. Pearson CC
Dr. T. Eynon CC Mr. T. J. Richardson CC
Dr. R. K. A. Feltham CC Mrs B. Seaton CC
Mrs. H. J. Fryer CC Mr. M. B. Wyatt 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 28 January 2019.	(Pages 3 - 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. Update on Police and Crime Panel Activity.

The Chairman of the Police and Crime Panel, Mr. J. T. Orson JP CC has been invited to attend for this item. A presentation will be delivered.

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|-----|---|---------------------------------|-----------------|
| 9. | Review of Proposals for a Unitary Structure of Local Government for Leicestershire. | Scrutiny Commission | (Pages 11 - 32) |
| 10. | 2018/19 Medium Term Financial Strategy Monitoring (Period 10). | Director of Corporate Resources | (Pages 33 - 62) |
| 11. | Date of next meeting. | | |

The next meeting of the Commission is scheduled to take place on 10 April 2019 at 10.30am

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

QUESTIONING BY MEMBERS OF OVERVIEW AND SCRUTINY

The ability to ask good, pertinent questions lies at the heart of successful and effective scrutiny. To support members with this, a range of resources, including guides to questioning, are available via the Centre for Public Scrutiny website www.cfps.org.uk.

The following questions have been agreed by Scrutiny members as a good starting point for developing questions:-

- Who was consulted and what were they consulted on? What is the process for and quality of the consultation?
- How have the voices of local people and frontline staff been heard?
- What does success look like?
- What is the history of the service and what will be different this time?
- What happens once the money is spent?
- If the service model is changing, has the previous service model been evaluated?
- What evaluation arrangements are in place – will there be an annual review?

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Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Monday, 28 January 2019.

PRESENT

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

Mr. P. Bedford CC
 Mr. D. C. Bill MBE CC
 Mr. G. A. Boulter CC
 Dr. T. Eynon CC
 Dr. R. K. A. Feltham CC

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

In Attendance

Mr N J Rushton CC, Leader of the Council
 Mr J B Rhodes CC, Deputy Leader of the Council and Cabinet Lead Member for Resources
 Mrs L Richardson CC, Cabinet Lead Member for Communities (minute 89 refers)

81. Minutes.

The minutes of the meeting held on 15 January 2019 were taken as read, confirmed and signed, subject to it being noted that clarity regarding the plan for development in the South West Leicestershire area would be circulated to all members of the Commission (minute 72 refers).

82. Question Time.

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

83. 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).

84. Urgent Items.

There were no urgent items for consideration.

85. 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 of the Commission who were also members of district councils declared a personal interest in all items on the agenda.

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

There were no declarations of the party whip.

87. Presentation of Petitions under Standing Order 36.

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

88. Medium Term Financial Strategy 2019/20 to 2022/23 - Context Setting and Overall Position.

The Director of Corporate Resources advised the Commission that the financial position of the County Council remained challenging. Savings requirements were driven by service growth pressures and price and pay inflation. It was important to plan ahead to identify where cost pressures were likely to be and how they could be mitigated against. The biggest feature of the Medium Term Financial Strategy (MTFS) was uncertainty. The next Comprehensive Spending Review and the outcome of the Fair Funding Review were expected during the next financial year. As a result, there was no certainty beyond 2020 regarding the future of grant funding or the limits on council tax increases.

The Leader of the Council, Mr N J Rushton CC, highlighted the current pressure on the Special Educational Needs and Disabilities (SEND) budget. The Cabinet Lead Member for Resources, Mr J B Rhodes CC, reminded members that despite the uncertainty surrounding the MTFS, the County Council was projecting a breakeven position for the next two financial years. In the long term funding the Capital Programme would be challenging as it was reliant on a strong revenue position.

Arising from discussion and questions, the following points were raised:-

- (i) The final settlement from the Government for 2019/20 was expected in the next couple of weeks. The MTFS would be updated to take into account any changes as a result of the final settlement and to include the more detailed forecasts from district councils relating to council tax collection. It was noted that the growth rate in the council tax base had reduced to 1.6%.
- (ii) Concerns relating to local government finance, including the current uncertainty faced by councils, were raised by the Leader and Cabinet Lead Member for Resources at meetings of the County Councils' Network and the Local Government Association. It was noted that councils at risk of losing funding as a result of the fair funding review were starting to make their concerns known. Members of the commission supported the principles of fair funding and recognised that moving towards a population based system should benefit the County Council. Deprivation weighting would still continue to be applied to services such as children's and adult social care where deprivation was a key cost driver. It was suggested that a longer term funding model would bring certainty to enable some councils nationally to reduce their reserves to an appropriate level. The County Council was not in this position as its reserves were largely allocated against specific risks or requirements and the position was closely monitored.

- (iii) During 2018/19, additional funding for highways maintenance had been made available mid-year. Subsequently the Government had made funding available for the same purpose. The County Council's funds had therefore been redirected for future capital investments primarily towards transport infrastructure.
- (iv) It was confirmed that the County Council would no longer receive Revenue Support Grant from the government. It was not expected that the new funding formula, to be introduced in 2020, would include Revenue Support Grant.

RESOLVED:

That the comments now made be submitted to the Cabinet at its meeting on 8 February.

89. Medium Term Financial Strategy 2019/20 to 2022/23 - Chief Executive's Department.

The Commission considered a joint report of the Chief Executive and Director of Corporate Resources which provided information on the proposed 2019/20 to 2022/23 Medium Term Financial Strategy (MTFS) as it related to the Chief Executive's Department. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

Arising from discussion and questions the following points were raised:-

Growth

- (i) The Commission supported the proposal for growth in the Hardship and Crisis support service. Demand was rising and the earmarked reserve that had been used to support the service over the last couple of years was running out. In the longer term the budget would be balanced through recommissioning the service in a more holistic and streamlined way, for example through the reducing the number of referral points. The County Council did not work with the charity Help Through Crisis but was open to exploring options for collaborative working wherever possible.
- (ii) With regard to the proposed growth in Legal Services, it was noted that increasing the in-house provision would reduce spend on more expensive agency staff and would also provide a better service. Consideration would be given to using fixed term contracts for posts to support major infrastructure projects, although it was recognised that additional legal support for Section 106 agreements, to enable a timely response, would be an ongoing requirement.

Savings

- (iii) The Commission was pleased to note that the saving from the review of grants and contracts across the Communities, Policy and Resilience function would not have a detrimental effect on front line services. Savings would be made from the infrastructure to support front line services, for example through better alignment with other agencies that funded a similar service.
- (iv) It was noted that Brexit was likely to create additional demand on the Trading Standards Service, both in terms of enforcement work and supporting small and medium sized businesses. To date there had been no indication from the Government that additional funding would be made available. The £35 million of national funding that had been announced was directed to Port Authorities and

Environmental Health Services. Concern was expressed that the savings requirement for Trading Standards would affect front line services at a time where they were likely to be facing increased demand. The Leader of the Council advised that, if more resources were required for Trading Standards after Brexit, efforts would be made to ensure that they were made available.

- (v) Concern was expressed that Non Disclosure Agreements had prevent the sharing of information relating to Brexit, particularly with regard to the East Midlands Airport. However, the Commission was assured that within the last two weeks there had been a significant push to get them lifted so that information could be shared. A regional steering group had also been set up and had met with the Secretary of State during the previous week. Members would be kept apprised of any developments through the Weekly Digest and the Corporate Governance Committee was also monitoring the situation through the Corporate Risk Register.
- (vi) The savings requirement from reducing funding to tourism support services was not expected to be fully delivered because the plan to set up an organisation with Leicester City which would be self-funding by 2021 would now not be realised. The Commission had some concerns that a new organisation covering City and County would have disproportionate focus on Leicester City and emphasised the importance of tourism to market towns and the local economy. It was suggested that this could be the subject of a future report to the Commission.

Capital Programme

- (vii) In response to a query regarding why superfast broadband coverage was limited to 97% of properties, the Cabinet Lead Member for Resources advised that there were challenges in ensuring that every isolated, rural property was identified. The contract was based on percentage delivery; the location and order of roll out to properties was a commercial decision. Further details on the roll out of superfast broadband, including whether the potential introduction of 5G technology would have an impact on the project, would be provided to the Commission after the meeting.

RESOLVED:

- (a) That the comments now made be submitted to the Cabinet at its meeting on 8 February;
- (b) That the Cabinet be recommended to reconsider the saving CE4:SR Trading Standards Reduction in Staffing and Agency Budgets, particularly given the likely impact of Brexit on demand for the service;
- (c) That a report on tourism services be submitted to a future meeting of the Commission;
- (d) That officers be requested to provide members of the Commission with further information on Superfast Broadband and whether 5G technology would have any impact on the project.

The Commission considered a revised report of the Director of Corporate Resources which provided information on the proposed 2019/20 to 2022/23 Medium Term Financial Strategy (MTFS) as it related to the Corporate Resources Department. A copy of the report is filed with these minutes.

Arising from discussion and questions the following points were raised:-

Revenue Budget

- (i) The Department was expected to receive £32.9 million from traded services in 2019/20. This included commercial services such as the School Food service. The County Council had been successful in providing food for a number of schools in Leicester City and had also submitted tenders for contracts in neighbouring counties. However, the profit margins were tight as it was a competitive market.

Growth

- (ii) The increase in cost of the Microsoft Enterprise Agreement was the subject of wider discussions with the Local Government Association, although a successful outcome was not anticipated. It was expected that the roll out to Windows 10 would make the Council's IT systems easier to manage. Microsoft had no plans to supersede Windows 10 with a new operating system; the intention was for it to evolve with regular updates.

Savings

- (iii) In response to a query regarding the purchasing of assets outside of Leicestershire, the Commission was advised that the vast majority of property investments were made in the county. The few that were not were solely focused on income generation to support other council services and provided a good rate of return. They were close to the county border to ensure that they could be managed effectively. The property in Nottingham was fully let. There was a small vacancy in the property in Lichfield but this was not having an adverse financial impact on the Council. The Commission was assured that the County Council took a very prudent approach to property investment. No borrowing had been undertaken to fund asset investment. The financial risk was therefore limited to rental income.
- (iv) The efficiency and productivity programme had the biggest savings target in the MTFS. It had arisen from a review undertaken by Newton Europe of the adult social care Target Operating Model. A number of efficiency savings had been identified and there was confidence that they could be delivered. This approach could also be applied to other departments, especially where services had not been reviewed for a few years. It was therefore intended to roll the programme out across the whole council.
- (v) The agile working pilots in the Workplace Strategy were at a very early stage. Further information on the outcome of the pilots would be made available in due course.

Capital Programme

- (vi) It was queried whether the East of Lutterworth Strategic Development Area (SDA) included land to the east of Junction 2 of the M69. The Commission was advised

that, although the bid to the Housing Infrastructure Fund (HIF) due to be submitted by 22 March included both areas, the East of Lutterworth SDA referred to in the Capital Programme related to land which the County Council had assembled and the associated development scheme which was included in the Harborough Local Plan. It was expected that this development would generate a significant capital receipt for the County Council in due course. The HIF bid was an aspirational bid which focused on providing transport infrastructure in the south of the county before any housing development took place.

- (vii) In response to a concern expressed, the Commission was advised that the Stoney Stanton SDA was listed in the Capital Programme as a future development subject to further detail and an approved business case. Although an outdated diagrammatic illustration of possible development sites in this area had been included in the Cabinet report regarding the HIF bid, no specific plans for development currently existed. Officers undertook to clarify whether an updated diagram would be included in the final submission of the HIF bid and it was also noted that, if the bid was successful, a report outlining the next steps would be submitted to the Cabinet. The Commission was further advised that any proposal for development in the Stoney Stanton area, whether it included County Council land or not, would first need to be included in the Blaby Local Plan. This was due to be revised and would be the subject of public consultation.
- (viii) The ongoing revenue costs for the County Council's country parks were small. There were no plans to open any new country parks or to change the management arrangements for the existing ones.
- (ix) The inclusion of funds in the Capital Programme for the redevelopment of Snibston Country Park was welcomed and it was suggested that the county and district councils could work together to develop walkways and cycleways to join up various leisure facilities and open spaces in that area.

RESOLVED:

- (a) That the Comments now made be submitted to the Cabinet for consideration at its meeting on 8 February;
- (b) That officers be requested to provide clarity on the status of any diagrams or plans for development to be included in the HIF Bid relating to transport infrastructure in the south of the county.

91. Medium Term Financial Strategy 2019/20 to 2022/23 - Consideration of Responses from Overview and Scrutiny Committees.

The Commission considered extracts from the minutes of the Overview and Scrutiny Committee meetings held to consider the Medium Term Financial Strategy (MTFS) 2019/20 to 2022/23 as it related to the County Council departments. A copy of the minute extracts is filed with these minutes.

Arising from discussion the following points were raised:-

Health Overview and Scrutiny Committee

- (i) The Chairman of the Health Overview and Scrutiny Committee underlined the uncertainty regarding the future of the Public Health grant and the indication in the NHS Long Term Plan that the NHS was seeking involvement in the commissioning of some of the more clinically-based public health services such as sexual health, school nursing and health visitors. The Commission was advised that a report providing an initial analysis of the implications of the NHS Long Term Plan would be submitted to the next meeting of the Cabinet.
- (ii) With regard to the recommissioning of homelessness prevention services, members hoped that the new service would provide more consistent community outreach across the county.

Environment and Transport Overview and Scrutiny Committee

- (iii) A request was made that if there was any chance of additional funds being made available to support the Environment and Transport Department, that passenger transport be treated as a priority. However, the Commission was advised that the policy had been set and it was important to implement it fairly. It was expected that Demand Responsive Transport would provide a suitable alternative to bus provision in the more rural areas.
- (iv) With regard to SEN transport, the Chairman of the Environment and Transport Overview and Scrutiny Committee stated that it was important for schools to assess young people's needs correctly and where possible to manage their needs in mainstream education where they could integrate with their peers. He had some concerns regarding the application of the criteria. The Cabinet Lead Member for Resources confirmed that similar concerns had been identified by members of the Local Government Association Executive.
- (v) The Leader of the Council advised that the retention of fines from speed cameras installed by the County Council to fund further installations was a topic of ongoing debate with the Government.

Adults and Communities Overview and Scrutiny Committee

- (vi) It was confirmed that options for the future of the collections hub were still being developed, recognising that it was preferable in the longer term to have a proper facility where the collections could be publicly accessed. The Chairman of the Adults and Communities Overview and Scrutiny Committee advised that the Committee had received several reports on the matter was keen to offer support in the development of options. A further report was expected at a future meeting.
- (vii) It was noted that a recent freedom of information request by the Local Government Information Unit had identified that the County Council had sold £197,000 worth of paintings in the four years up to 2017. Members were advised that this had been the subject of reports to the Cabinet and Scrutiny Committee at the time. The decision to sell had been based on external advice and the funds used to restore other works of art in the County Council's possession.

Children and Families Overview and Scrutiny Committee

- (viii) A member raised queries in relation to school funding. In particular, these related to the Minimum Funding Guarantee, age-related restrictions and the impact of

reductions in family support services on schools. Officers undertook to provide the member with a written response.

RESOLVED:

That the comments now made be submitted to the Cabinet for consideration at its meeting on 8 February.

92. Date of next meeting.

It was noted that the next meeting of the Commission would be held on 6 March 2019 at 10.30am.

10.00 am - 12.30 pm
28 January 2019

CHAIRMAN



SCRUTINY COMMISSION: 6 MARCH 2019

**REVIEW OF PROPOSALS FOR A UNITARY STRUCTURE OF LOCAL
GOVERNMENT FOR LEICESTERSHIRE**

REPORT OF THE SCRUTINY COMMISSION

Purpose

1. The purpose of this report is to set out the findings of the Scrutiny Commission's examination of the County Council's proposals for a unitary structure for local government in Leicestershire.
2. It was not intended that the Commission would come to a view on the matter but rather to reflect to the Cabinet the findings from evidence gathered, the views and concerns of members and suggestions of the issues that the Cabinet and officers preparing the business case might wish to reflect on. As such, this report does not set out any clear recommendations.

Background

3. The Scrutiny Commission met four times between 14 November 2018 and 15 January 2019 to consider the County Council's proposals for a unitary structure for local government in Leicestershire. Its deliberations, and those of the Overview and Scrutiny Committees, were aimed at eliciting the views of members on the draft proposals outlined in the Cabinet report, look at practice elsewhere and gather information from a variety of sources. The Commission is particularly grateful to the following who attended its meetings and provided information:-

- Baroness Scott of Bybrook OBE, Leader of Wiltshire Council;
- Councillor Simon Henig, Leader of Durham County Council;
- Councillor Adam Paynter, Leader of Cornwall Council;
- Mr N J Rushton CC, Leader of Leicestershire County Council;
- Mr J B Rhodes CC, Deputy Leader of Leicestershire County Council;
- Jake Atkinson, Chief Executive of the Leicestershire and Rutland Association of Local Councils;
- Justin Griggs, Head of Policy and Communication at the National Association of Local Councils;
- Kevan Liles, Chief Executive of Voluntary Action LeicesterShire;
- Richard Evans, Chief Executive of Citizen's Advice LeicesterShire;

- Councillor Neil Bannister, Leader of Harborough District Council; and
 - Councillor Mike Hall, Leader of Hinckley and Bosworth Borough Council;
4. The County Council's Overview and Scrutiny Committees also met to consider the proposals and the likely impact that they would have on the service area under the remit of each Committee. The key themes and emerging issues from those meetings were reported to the Commission.
5. The discussions were wide ranging and in an attempt to bring together key issues this report is divided into the following sections:-
- Evidence gathered by the Commission:-
 - Existing unitary authorities;
 - Parish and Town Councils;
 - Voluntary Sector;
 - District Councils;
 - Key themes and conclusions from evidence gathering;
 - Consideration of the Cabinet proposals:-
 - Financial model;
 - Area Committees;
 - Planning governance arrangements;
 - Services in a unitary structure;
 - Process of transferring staff to a new organisation.

The views, concerns and suggestions made by members appear in each section.

Summary of Findings

6. Whilst the Commission did not reach a conclusion on whether or not it supported the County Council's proposals for a unitary structure for local government in Leicestershire, there was a general agreement that, if the proposal were pursued, a single unitary council would make the most sense financially and for the delivery of services currently provided by the County Council. This view was not expressed by all members of the Commission. However, for the purposes of this report, where a unitary structure of local government is referred to, it can be taken to mean a single unitary authority.

Evidence Gathering by the Commission

Existing Unitary Authorities

7. A summary of the evidence received from the Leaders of the three existing unitary authorities who kindly gave up their time to talk to the Commission about their experiences in transitioning from a two tier structure to a single tier is set out in the table below.

Theme	Wiltshire	Durham	Cornwall
Vision for unitary authority	Emphasised the need for a clear and simple vision, focused on better services not just saving money	<p>A prosperous, safe and sustainable future for County Durham, listening to and working with local people, leading and shaping communities and working in partnership to ensure quality, cost effective services.</p> <p>Important to give local people an opportunity to help mould the new council – e.g. public consultation to help determine its name.</p>	<ul style="list-style-type: none"> • Devolution to Town and Parish Councils and Community Networks; • Eliminate duplication; • Stronger voice; • Efficiency.
Alternative options considered	<p>Prior to seeking unitary status, efforts had been made to improve joint working between the county and district councils. This had had some success but was limited by unwillingness from individual organisations to cede power.</p> <p>No consideration of including the unitary authority of Swindon (established in 1997) in the footprint for the new Wiltshire Council</p>	<p>North East Combined Authority set up with powers around buses. This had not been successful and power had been devolved back to constituent councils.</p> <p>No consideration of including the unitary authority of Darlington (established in 1997) in the footprint for the new Durham County Council</p>	<p>Bids put forward by both the District Councils and the County Council.</p> <p>A joint services district project had been attempted prior to seeking unitary status.</p>
Implementation	Seen as an opportunity for a different type of local	Consultative approach taken.	Faced a number of challenges right at the beginning – poor

Theme	Wiltshire	Durham	Cornwall
	government. Time spent developing and embedding a new culture and values.	Significant level of member involvement.	services and a bankrupt district council – so had taken a fix, prepare, transform, excel approach.
Level of Savings achieved	£25 million recurrent savings, largely as a result of reductions in back office.	<p>Initial savings of £21 million delivered, significant further re-organisation savings achieved once stabilised. Total of £22 million recurrent savings per EY analysis.</p> <p>Had been able to hold onto reserves of predecessor organisations.</p>	New structure more efficient than expected. £170 million savings achieved. (c.£25 million recurrent savings per EY analysis)
Benefits	<ul style="list-style-type: none"> • Stronger voice; • More likely to be listened to by central government; • No need to make tough savings decisions (e.g. libraries, children’s centres) as a result of austerity; • More efficient procurement; • Capacity to lead on and respond to significant issues; • Public satisfaction has improved; • Savings through economies of scale; • Opportunities in combining social care with social housing e.g. 	<ul style="list-style-type: none"> • Greater capacity to respond to regional and national proposals; • Easier to put on events at scale. • Single voice and consistent direction of travel is a particular benefit for economic growth and regeneration. • Business support for unitary model and appreciation of all local government services being in the same place. 	<ul style="list-style-type: none"> • Able to negotiate a devolution deal which did not require an elected mayor. • Made significant service improvements. • Invested £4 million year on year in adult social care.

Theme	Wiltshire	Durham	Cornwall
	developing a housing model to support the ageing population.		
Disadvantages	None discussed.	Data collection at level of former district councils discontinued which could lead to areas previously identified as disadvantaged being masked by the use of average figures across the larger unitary authority. However, data is still collected at Lower Super Output Area.	Issues with decisions taken by district councils just prior to their abolition – e.g. one chose to halve parking costs in the districts. Implementation Team had been set up separately – resulting in a disconnect between the team and the rest of the staff.
Area Committees	Cost about £1 million per year to run. Have executive powers and a delegated budget for youth services and small highways projects. Award £700,000 of capital grants to projects which linked to Council priorities and added value. Vehicle for public consultation. No role in planning matters. Meet in localities. Only unitary councillors allowed to vote although other organisations including Parish and Town Councils are clear partners and expected to report on their activity.	14 Area Action Partnerships. Local areas had been allowed to decide which AAP they wanted to join. Comprised of seven local councillors (one of which is a parish councillor), seven local partner organisations and seven local people. Supported locally with a budget to fund issues and projects. No devolved powers to take executive decisions. Area Structure well supported by local councillors and key in terms of ensuring that all of the county have access to local decision-making and funding for local priorities.	Community Network Panels have £50,000 per year for highways matters and able to determine some traffic regulation orders. Able to determine how they should work including charring arrangements, agenda and themes to focus on. Unitary and parish councillors allowed to vote. Resourced and supported by senior members of staff.
Planning	Single, strategic Local Plan in place. Local Planning Committees in each district area, reflecting the fact that	Area Planning Committees reflect the political balance of the Council. This and the mix of local members	Strategic Planning Committee and three Area Planning Committees. Structure currently being reviewed

Theme	Wiltshire	Durham	Cornwall
	<p>the Council had inherited four district-level Local Plans. Aim to keep planning local, has also embraced neighbourhood plans.</p> <p>Area Planning Committees are politically balanced although Group Leaders are encouraged to appoint local members where possible.</p> <p>Does not address the issue regarding major decisions being taken by the Planning Inspectorate rather than at a local level but makes it easier to undertake strategic planning and identify areas for economic growth.</p>	<p>and members from other areas of the county resolve the tension between the impact the impact of developments on the locality and the need for consistent outcomes across the county.</p>	<p>in the light of Boundary Review which will reduce the number of councillors.</p>
Transition then Transformation	<p>The new council had been allowed to bed in before starting work on the transformation of services. As a result, for example the harmonisation of waste collection had taken a number of years.</p> <p>Decisions of predecessor organisations respected with regard to housing stock.</p>	<p>Harmonisation of fees and charges across the county had been referred to the scrutiny function of the new unitary authority.</p> <p>Decision taken by the new authority, once established and all options considered, to transfer all housing stock into a single, standalone organisation.</p>	<p>Council tax harmonised to the middle of the levels set by the former district councils.</p> <p>Made appointments first then designed the new structure.</p> <p>Lesson learned – do not go for a ‘big bang’ approach.</p>
Access to Services	<p>No issues raised by the public. Council operates out of three buildings. Service hubs in all major towns and access to services</p>	<p>Recognition of importance of providing services across the county and not centralising them, even in response to the</p>	<p>Local focus delivered by engaging with Parish and Town Councils and the voluntary sector.</p>

Theme	Wiltshire	Durham	Cornwall
	through libraries and leisure centres. Links between council and local communities maintained and strengthened.	challenge of austerity.	
Parish and Town Councils	Services devolved to interested Town and Parish Council and assets transferred.	Devolution of power and responsibility to parish and town councils not always possible as some areas were unparished and others chose not to take on additional services.	Devolution of responsibilities to parish councils or community networks.
Role of Councillor	Minimal savings in member allowances. Cabinet members, support members and Committee chairmen expected to give full time commitment to their role.	Cross party working group established to develop constitution and define role of elected members.	123 elected members. The unitary council originally set up 10 Policy Advisory Committees. Each comprised 10 members and was closely aligned to a Cabinet portfolio. This ensured all councillors felt involved in the work of the new council.

8. It is a matter of regret to the Commission that it was unable to hear from unitary authorities that had run into financial difficulties. Cornwall, Wiltshire and Durham are all successful authorities and advocates of the unitary model. It was therefore suggested by members that there had been a lack of balance in the evidence that the Commission received which may have prevented members on forming a firmer view on whether a unitary structure of local government would be right for Leicestershire. That said, officers sought to assure the Commission by undertaking a desktop analysis of publicly available information. This showed that unitary authorities were less likely to run into financial difficulties than upper tier local authorities and also that those financial difficulties were generally less serious. Causes of financial difficulties included size, as smaller unitary authorities could not achieve economies of scale, poor leadership and poor financial management. It was also pointed out that representatives of a failing council or a council in financial and/or service difficulties were unlikely to want to present to an external audience.

Evidence from Parish and Town Councils

9. The Commission received evidence from the National Association of Local Councils (NALC) and the Leicestershire and Rutland Association of Local Councils (LRALC). Although NALC was generally supportive of a unitary structure for local government, LRALC had not taken a view on the County Council's proposals. It had agreed that it would be difficult to reach a position that satisfied all members, so it was keeping a watching brief on developments.
10. The Commission noted the County Council's intention to co-design the offer for Parish and Town Councils with representatives from those councils and to that end, has not given a great deal of consideration to the detail of that offer.

Evidence from the Voluntary Sector

11. The Commission received presentations from Voluntary Action LeicesterShire (VAL) and Citizens Advice LeicesterShire setting out their journeys which had involved the merger of several bodies to become larger, single organisations.
12. VAL advised the Commission that, as a single, countywide organisation, it was able to operate at both the grassroots level to help with frontline service delivery and at a strategic level, in terms of policy development, service development and infrastructure and support. It had also realised significant efficiency savings through the merger and was able to be more flexible in the way that it deployed resources.
13. Citizens Advice LeicesterShire had found that it taken longer to achieve savings as result of the merger than initially projected because tough decisions were not taken around staffing requirements for the new organisation. Charnwood still has a separate Citizens Advice organisation but the working relationships between the two organisations are good and would not necessarily be affected by the creation of a unitary council for Leicestershire.

Evidence from District Council Leaders

14. The Leaders of Harborough District Council and Hinckley and Bosworth Borough Council attended a meeting of the Scrutiny Commission to give their views on the County Council's proposals for a unitary structure of local government for Leicestershire. They had been nominated to do so by the District Council Leaders collectively.
15. They advised that the District Councils are constructively engaged together to look at functional, rather than structural, reform and identify savings. They have urged the County Council to work with them in this area. They also expressed disappointment that the district councils were not consulted on the County Council's proposals for a unitary structure of local government for Leicestershire before they were made public.
16. Their reservations regarding the proposals for a unitary structure of local government are summarised below:-

- A single unitary authority for Leicestershire could be too large and remote, and would not reflect local communities;
- Some existing unitary authorities are facing difficulties and challenges;
- There is a lack of support for the proposals from MPs and Parish and Town Councils;
- The proposals will have an effect on district council staff;
- There is a lack of reference to collaborative working in the outline proposals;
- It is not clear from the outline proposals whether other methods of achieving savings, such as regional collaboration for social care services, have been fully explored;
- There is a lack of detail in the outline proposals around how fees and charges have been calculated and how the harmonisation of pay and benefits will be achieved;
- There is a lack of focus in the outline proposals on improved outcomes for service users.
- There was a suggestion that savings could be made by freezing the salaries of County Council staff or asking them to reapply for their jobs on a lower salary.

17. The Commission is grateful to Mr N J Rushton CC, Leader of the Council, and to Mr J B Rhodes CC, Deputy Leader, for attending this meeting and providing a response to some of the concerns raised by District Council Leaders. For completeness, that response is summarised below:-

- Mr Rushton is willing to meet with the district council leaders again and will do so when invited;
- The County Council is pursuing structural reform because it is believed to be in the best interests of Leicestershire residents, given the County Council's financial position;
- The County Council will develop a business case with a clear vision of how a unitary structure of local government will be better for Leicestershire residents;
- Under a unitary council, there would be no change to the current provision, including fees, charges, housing and benefits, until consideration had been given by the successor authority to the best way of delivering consistent services across the county;
- A single unitary authority would deliver the greatest level of financial savings and no one is arguing that the current structure is the best way of delivering services.

- There is no intention to freeze County Council staff salaries or ask them to reapply for their jobs.

Key Themes and Conclusions from Evidence Gathering

18. The paragraphs below set out the key themes and conclusions arising from the Commission's consideration of the evidence it received. To reiterate an earlier point, the Commission has not concluded that a single unitary authority is the right model of governance for Leicestershire, but feels that if the County Council is minded to take this decision, the following ought to be key considerations.

Vision and Culture

19. A unitary authority will be a new local authority; it cannot be seen as a 'take over' by an existing council. A new unitary authority would need to have its own culture and values, including being open to public engagement and responsive to local issues.

20. The vision for a unitary authority cannot just focus on the financial case for change. The public needs to see how services will be delivered and to understand the benefits that having a single local authority will bring, such as improved access to services, particularly in localities. Improved community engagement should also be a key theme. This includes ensuring that the culture of the organisation will allow devolution of decision making to the most local level and that public involvement in and access to decision making is enhanced.

Finance

21. All of the unitary authorities that the Commission talked to achieved significant saving through the transition to unitary status. As a result, the ongoing savings requirements faced by these authorities during austerity have been less challenging than those faced by upper tier local authorities. As a result, services which have faced significant reductions in Leicestershire, such as libraries and children's centres, have been protected in unitary county areas.

Voice and Influence

22. A clear benefit of a unitary structure is the stronger, single voice and relatively streamlined decision making processes. This is particularly important in terms of economic development and the Commission heard examples from each council of where being a unitary authority made a real difference. Cornwall had been able to negotiate a devolution deal with the Government, without the requirement to have an elected mayor in place. Durham had successfully bid for a major national contract to build railway carriages and Wiltshire had delivered a range of innovative projects related to the use of public sector estate, including a strategic partnership with the Police.

Transition

23. A key message, particularly from Wiltshire Council, is that of transition first, then transformation. Immediately post-Vesting Day, the most important thing

is for services to be delivered with as little disruption to residents as possible. This is particularly important for housing services. Once the new Council has an understanding of how all the services are run and the different contracts in place, it can come to a view on the most efficient way to deliver services. It can take years to harmonise services but it is worth taking the time to get it right for residents.

Area Committees

24. An Area Committee structure will be essential to mitigate against the challenge that a single unitary authority for Leicestershire is too large and remote. The Committees should not be supported by a large infrastructure, so as not to appear to be recreating district councils, but they should allow local members to focus on issues of local importance. The devolution of powers and budgets is key to preventing them from being 'talking shops' and, building on the suggested new vision and culture, they must also have a robust mechanism in place for engaging with the public.
25. Both voluntary sector organisations that the Commission heard from felt that the unitary proposal should emphasise how community engagement and services could be improved across Leicestershire. The knowledge of VAL, Citizens Advice LeicesterShire and local volunteer centres should be used to help define the boundaries of the Area Committees. Speaking directly to local communities would also be useful.

Planning Governance

26. Local Planning Committees are essential, not just because immediately after transition to a unitary structure there will be seven Local Plans determining planning policy, one for each current district area, but also because they will enable local people to access meetings and the majority of decisions to be taken locally. It is important to keep the Area Committees separate from Local Planning Committees because otherwise the Area Committee agendas will be dominated by planning issues.

The Role of Parish and Town Councils

27. It will be essential for the business case to be clear that Parish and Town Councils will have the option to take on additional services, but it will not be a mandatory requirement. Similarly, unparished areas should be able to choose whether they wish to create a Parish or Town Council or not.
28. Where Parish and Town Councils do decide to take on additional services and where these services can (a) be delivered more efficiently at a local level; and (b) are in line with the new unitary authority's policies and priorities, funding and support should be provided to enable them to deliver these services. Appropriate governance and monitoring arrangements should also be put in place.
29. The Commission noted that NALC runs a Local Council Award Scheme to recognise good practice in governance, community engagement and council improvement. A new unitary authority should support Parish and Town

Councils to achieve these standards and should be more willing to devolve services to those that are recognised by the scheme.

30. The County Council needs to have a greater understanding of the barriers which can prevent Parish and Town Councils from taking on additional services so that, when designing the model for devolution of services from the new unitary authority to Parish and Town Councils, these barriers can either be addressed or acknowledged. Every opportunity should be taken to reduce the burdens on Parish and Town Councils when they opt to take on extra work. The intention to co-design the offer to Parish and Town Councils was welcomed.

Consideration of the Cabinet Proposals

31. The Commission and the Overview and Scrutiny Committees considered the outline proposals set out in the Cabinet report in detail. The Commission received further information relating to the Financial Model, Area Committee Structure and Planning Governance Arrangements which allowed it to delve more deeply into what those proposals might mean for Leicestershire. A summary of the findings is set out in the paragraphs below.

Financial Model

32. The Commission examined the assumptions behind the financial modelling for a unitary authority for Leicestershire. The modelling identified annual savings amounting to £30 million from a single unitary authority for Leicestershire and assumed that the majority of these could be made without any impact upon the services delivered to residents. The savings that do affect front line services are limited to administration, management and procurement activity and these should not be detrimental to service delivery and in some cases could be beneficial. The following table shows a breakdown for the savings assumptions:-

Category	Savings £million
Members' Allowances	0.5
Elections	0.9
Senior Management	5.6
Back office	17.4
Service management and administration	8.5
Contingency	(2.9)
Total	30.0
Implementation cost	(19.0)

33. There was some concern relating to the accuracy of the modelling, based on the fact that officers only had complete access to the County Council's finances and were relying on publicly accessible information for services currently provided by the district councils. The fact that the methodology was based on a revised and updated version of that applied by EY when it produced its Strategic Financial Case for a Unitary Council for Leicestershire

in 2014 also caused some concern in case the assumptions used by EY were now out of date. Officers advised that 80% of local authority services in Leicestershire were provided by the County Council, that the assumptions made regarding the 20% of services provided by district councils had been triangulated against other authorities that had already been through the transition to a unitary structure. In addition, whilst there are similarities to how EY performed the analysis all assumptions and information had been reviewed and updated.

34. It is important to understand that the majority of the savings arise from reductions in management and back office functions. This relates not just to merging eight organisations into one, but also the reduction in duplication in tasks, such as production of a single Statement of Accounts rather than eight.
35. The projected implementation costs include provision for redundancy costs, calculated at a higher than average level to take account of the expectation that a greater than usual number of senior staff would be affected. The Commission learned that there is no evidence to support the assertion that restructuring would cost more than it would save.
36. The principle that a unitary authority will deliver significant savings was generally accepted. Areas where the Commission recommends that the financial model undergoes more testing as part of the development of the business case are:-
 - a. Savings from Members' Allowances, to ensure that Special Responsibility Allowances for the Chairmen of Area Committees have been taken into account;
 - b. Review how quickly savings will be realised if Leicestershire adopts a 'transition then transformation' approach to unitary status and whether the implementation costs will need adjusting;
 - c. Whether the demands on statutory services such as children's and adult social care will affect the unitary council's ability to provide non-statutory services such as some of the services currently provided by the district councils.
37. The Commission recommended that the business case for a unitary structure for local government in Leicestershire must be externally reviewed by a well-known company with a strong reputation in that area. This will provide assurances that the proposed level of savings is accurate.
38. An important point to note is that how the savings will be delivered and the speed at which they will be realised is a matter for the new authority to decide. For example, whilst the business case can make assumptions about the harmonisation of council tax, the approach that will be taken to services where multiple contracts are held and the rationalisation of estate across local government in Leicestershire, the final decisions will rest with the new unitary council.
39. Recent history has shown that organisations facing financial difficulties have had a unitary structure imposed upon them. There is a view that it will be

better to take that decision voluntarily and to manage the process, although that view was not shared by all members of the Commission.

Area Committees

40. The Commission gave detailed consideration to the Area Committee structures employed by Wiltshire Council and Durham County Council. There was general agreement that, if a unitary structure were to be taken forward for Leicestershire, an Area Committee structure would be essential to mitigate against the challenge of the unitary authority being too large and remote.
41. The Cabinet report on the outline proposals had included a section on Area Committees as a way of strengthening local leadership. This defined the building blocks for Area Committees as:-
- Electoral divisions;
 - Local delivery arrangements such as the health and social care Integrated Locality Teams;
 - Parliamentary constituencies;
 - Need for roughly similar sized populations;
 - Reflect natural communities in terms of the economic and local interest and identities.
42. In considering the proposals in the Cabinet report and the Area Committee structures for Wiltshire and Durham, the Commission reached a number of conclusions regarding what an Area Committee structure might look like in Leicestershire. The Commission requests that its views are reflected in the business case for a unitary structure of local government for Leicestershire. They are set out below:-
- a. The Area Committee structure should be separated from the Development Management (Planning) Function.
 - b. When designing the geographies for Area Committees, the views of local communities should be sought to ensure that the structure reflects local needs and identities.
 - c. Area Committees should be formally constituted with some delegated executive powers and corresponding budgets. These powers should include determining minor highway schemes. The Area Committees could also pick up the work currently undertaken by district health and wellbeing boards.
 - d. In terms of voting arrangements, it is recognised that the delegation of executive powers will mean that only unitary councillors will be able to vote. However, arrangements should be put in place to enable members of the public and partner organisations to attend and participate in meetings. This should mean that decisions are reached

by consensus, taking into account the views of all attendees, not just those with voting rights.

- e. Meetings of the Area Committees must take place in the relevant localities to ensure that they are accessible to members of the public and local partners.
 - f. Area Committee agendas should facilitate public engagement and involvement, for example through a public question time, allowing the presentation of petitions and through ensuring that public views are taken into account before decisions are made.
43. There was general consensus that the Area Committee structure must not appear to replicate district councils, although this view was not shared by all members of the Commission. The Team to support Area Committees would be a small, centrally managed team. This was the case in both Wiltshire and Durham, although in Wiltshire an Associate Director has also been assigned to each Board. This is beneficial as it helps to give the Area Boards status and ensure that recommendations are taken back to the Council and acted upon.

Planning Governance Arrangements

44. The Commission recognises the importance of planning to local residents and feels that the business case needs to reassure the public that planning decisions will be taken locally as far as is possible. Detailed consideration of the planning governance arrangements had been undertaken by the Commission to try and identify a system that would work if Leicestershire chose to adopt a unitary structure of local government.
45. There is a consistent approach across county unitary councils to the governance arrangements for planning. This is to establish a countywide Planning Committee to consider 'big ticket' items and underneath that to establish Area Planning Committees on the footprint of the former district councils. There is wide delegation to officers to deal with routine planning matters, as is currently the case for most district councils in Leicestershire. The Commission gave general support to replicating this model in Leicestershire.
46. The main reason for establishing Area Planning Committees on the footprint of former district councils is to allow for the fact that Planning Policy (set out in Local Plans) will continue to be based on district geographies until such time as a single countywide Local Plan is developed. This can take a number of years, for example County Durham still does not have a single countywide Local Plan. The Commission notes that the original proposal in the Cabinet report is for five Area Planning Committees and recommends that this is increased to seven in the business case.
47. Planning policy, such as the development of the Single Local Plan, is an executive function and final approval will be required from the full Council. The Commission is of the view that a new unitary authority for Leicestershire should make the process of determining the Single Local Plan as transparent

as possible. Local Planning Committees and even the Area Committees should be involved in the process of developing the Single Local Plan.

48. The Commission welcomes the idea of the Area Planning Committees meeting in their local areas and are keen to see as many planning applications determined locally as possible. This may require some further consideration being given to the thresholds for where applications should be considered. For example, both Wiltshire and Durham Councils consider large scale major developments at the Countywide planning committee, defined as 200 or more dwellings. The Commission feels that this is a low threshold. In addition, larger developments are most likely to be of interest to local people so, in the light of meetings being accessible to the public, it would support this type of decision being taken locally, whether by the Countywide or Area Planning Committee.
49. With regard to membership, both Wiltshire Council and Durham County Council require the Area Planning Committees to be politically balanced. Wiltshire's Constitution states that "appointment to each of the area planning committees will be politically proportional having regard to the wishes of group leaders, who would be asked to nominate wherever possible on a geographical basis." Durham's Constitution, however, requires membership to consist of "eight Members representing Electoral Divisions within the Committee's area and eight other Members from the rest of the County excluding Members of the Executive". The Commission was of the view that neither of these options would be quite right for Leicestershire. It was suggested that, in determining membership for the Area Planning Committees, the political balance of the area should be recognised and, where possible, the majority of members on each Committee should represent electoral divisions in the relevant area.
50. The Commission understands that moving to a unitary structure of local government for Leicestershire will not resolve the local concern of major planning decisions being determined by the Planning Inspectorate at a national level, where the local context is not taken into account. However, it is recognised that a single, countywide Local Plan would carry greater weight with the Government than the current seven district level local plans.

Services in a Unitary Structure

51. The appendices to the Cabinet report set out the opportunities that a unitary structure could afford to each County Council service, focusing on how better outcomes could be delivered for residents, local businesses and partner organisations. Each Overview and Scrutiny Committee considered the appendix relevant to their service area and a summary of the findings is set out in the paragraphs below.

Children and Families Service

52. A unitary structure made sense for the Children and Families Service as a lot of its services were already delivered in localities. The current model, where services were managed centrally and delivered locally, could be built on when developing the new unitary authority's service offer.

53. In terms of Community Safety, the benefits relate to streamlined governance and a reduction in duplication. Members emphasised that the existing Community Safety Partnerships offer a good and thorough understanding of local need. This must be preserved through the transition process.

Adults and Communities

54. Most adult social care services are solely provided by the County Council so the transition to a unitary authority would have limited impact. However, the business case needs to also include proposals for services currently provided by district councils such as leisure and open spaces. The Commission would welcome clarity with regard to how these services will fit into the new structure.
55. The Lightbulb Service, a single service across Leicestershire providing practical housing support, is felt by members to represent an example of effective partnership working across the county and district councils. The service is award winning and has achieved very good outcomes for service users. However, from an officer perspective and whilst recognising the many benefits of the service, the partnership consumes a lot of energy and resources and results are still variable across the county.

Public Health and Health and Care Integration

56. There is a general theme of complexity and a lack of consistency in arrangements, and missed opportunities to join up services and deliver better outcomes. It is felt that these issues might be resolved through a unitary structure of local government, which would be able to think strategically about service delivery across a wider range of services.

Environment and Transport

57. A countywide approach to services such as waste, car parking, street cleansing and environmental services would create consistency across the county. There is currently a degree of confusion regarding which authority is responsible for each part of the service; this can lead to inefficiencies.

Economic Growth and Development

58. A benefit of having a single unitary authority for Leicestershire would be a greater opportunity for promoting economic development than the current structure provided. This included being able to have a larger economic development team which could respond strategically to opportunities.
59. With regard to development management, the Commission felt that more work was needed to identify whether having a Community Infrastructure Levy in place across the county was actually a benefit. It would admittedly be more cost effective to introduce than in the current structure, but district councils that had looked into developing a scheme had found they attracted less money to mitigate the cost of developments than Section 106 contributions.

60. Similarly, in terms of property management, whilst it was acknowledged that a centralised choice based lettings system would be cheaper to administer and more accessible for registered partners, there were concerns regarding the benefits of such a scheme, as it would require alignment with the criteria used by neighbouring authorities.

Regulatory Services

61. There is a general recognition that for the Trading Standards Service, a unitary structure of local government presented numerous benefits. These benefits included establishing a single enforcement team including planning enforcement, the opportunity to remodel existing Trading Standards and Environmental Health Services into a single Public Protection Service with the expertise in place to deal with issues holistically and support legitimate businesses. It also offered greater opportunities to generate income and a better and easier service for local business to access.

Combined Property Service

62. There is a general understanding that, with a single unitary council for Leicestershire, some rationalisation of the local government estate would take place. This would be more efficient than the current fragmented services. Where appropriate, buildings must be retained in localities to enable the local delivery of services. However, the details of which properties would be surplus to requirements and the locations where services would be provided from will be a matter for the new authority. The Commission therefore expects the business case to be silent on this particular point.
63. The Commission recommends that, if the unitary proposal is taken forward, work is undertaken to understand how many people access local authority buildings across Leicestershire for help and advice. It would be important to ensure that the transition to a unitary authority does not disadvantage vulnerable residents.
64. There are benefits to locating more than one organisation on the same site, particularly where it enables a more comprehensive service to be provided to members of the public. This needs to be considered as part of the property strategy.
65. Members emphasised that if a new unitary authority for Leicestershire is established it should seek to avoid silo working. For example, any decisions regarding the deployment of local government estate must be linked to considerations regarding economic development in the county and must take into account the economic impact on towns and villages, cost, business need and the value of the land.

Revenue Collection

66. Most councils operate a combined revenue and benefits service. There are advantages to developing a single benefits service for Leicestershire, for example for council tax concessionary discounts, as a strategic view can be taken and certain behaviours can be incentivised.

Process for Transferring Staff to a New Organisation

67. The Commission recognises that technical matters such as the process for transferring staff to a new organisation will not be addressed in the business case. Nonetheless, a number of concerns were raised during the Commission's deliberations regarding redundancies and how posts would be recruited to. To avoid further debate on this matter, the Commission sought advice from the Director of Law and Governance and Director of Corporate Resources. Their advice is set out below and this advice should be included in the business case so as to provide reassurance to all staff (District and County) that there will be equality of opportunity and staff will be treated fairly.
68. The latest guidance on the process for transferring staff to a new organisation is from the Local Government (Structural and Boundary Changes) (Staffing) Regulations 2008. This states that the post of Head of Paid Service must be subject to open competition, with the expectation that a national recruitment process will be carried. TUPE applies to all other posts, although authorities are encouraged to follow the same process of open competition for other senior roles. In terms of TUPE, each of the eight organisations will be treated equally with joint criteria in place to assess similar roles regardless of salary and match them to the new structure. Trade Unions will also be involved. The following principles will apply:-
- Staff will be provided with as much assurance as possible;
 - There will be equality of opportunity and staff across all organisations will be treated fairly;
 - The cost of redundancy will be managed.
69. Where roles are unique, staff will automatically transfer to the new organisation. It is recognised that, for roles where there is duplication across organisations, there will be redundancies. Each existing council should seek to agree a joint protocol for handling redundancies, including the appeals process. This will normally happen after vesting day but a voluntary early redundancy scheme can be put in place, subject to joint agreement.
70. The new council will need to operate effectively from vesting day so structures will be developed and some posts appointed to ahead of time. The new structure will need approval from both members and officers. Once Directors have been appointed they will be empowered to build their own services and structures.
71. The estimated £30 million annual savings that a single structure of local government for Leicestershire would make only equate to approximately five percent of the total budget. Redundancies would therefore not be significant in the context of the total number of staff employed by the eight organisations. An exact figure has not been confirmed and one is not expected to be specified in the business case either.

Transition Arrangements

72. The Commission noted that there are two main examples of arrangements for the discharge of transitional functions that have been deployed to date; an Implementation Executive or a Shadow Authority and Executive. These arrangements are set out in legislation, through a Structural Change Order, and as such are drafted by civil servants, although all affected local authorities are able to make representations to the Secretary of State during the drafting process.

Conclusion

73. This report sets out the key findings from the consideration of the proposals for a unitary structure of local government in Leicestershire by the County Council's Overview and Scrutiny function. There are a number of issues raised throughout the report which the Commission requests that the Cabinet and officers preparing the business case have regard to. Whilst the report stops short of making clear recommendations, it nonetheless outlines areas where there was a good measure of agreement. The Commission looks forward to reviewing the business case for a unitary authority for Leicestershire in due course.

Background Papers

Report to the Cabinet on 16 October on outline proposals for a unitary structure of local government for Leicestershire -

<http://politics.leics.gov.uk/mgAi.aspx?ID=56777#mgDocuments>

Additional report to the Scrutiny Commission on the Financial Model -

<http://politics.leics.gov.uk/documents/s143565/Financial%20Options%20Appraisal%20summary.pdf>

Additional report to the Scrutiny Commission on Area Committees and Planning Governance Arrangements

<http://politics.leics.gov.uk/documents/s143565/Financial%20Options%20Appraisal%20summary.pdf>

Summary of the Key themes and emerging issues from the scrutiny process

<http://politics.leics.gov.uk/documents/b13647/Emerging%20Themes%20from%20Scrutiny%20Discussion%20Wednesday%202014-Nov-2018%2010.00%20Scrutiny%20Commission.pdf?T=9>

Presentations from Wiltshire Council, VAL and Citizen's Advice LeicesterShire

<http://politics.leics.gov.uk/documents/b13837/Presentations%20Wednesday%202014-Nov-2018%2010.00%20Scrutiny%20Commission.pdf?T=9>

Presentations from Durham County Council and Cornwall Council

<http://politics.leics.gov.uk/documents/b13838/Presentations%20Friday%2030-Nov-2018%2010.00%20Scrutiny%20Commission.pdf?T=9>

Minutes of meetings of the Scrutiny Commission:

- 14 November
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=137&MId=5307&Ver=4>
- 30 November
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=137&MId=5763&Ver=4>
- 6 December
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=137&MId=5820&Ver=4>

- 15 January
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=137&MId=5852&Ver=4>

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SCRUTINY COMMISSION – 6 MARCH 2019

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

2018/19 MEDIUM TERM FINANCIAL STRATEGY
MONITORING (PERIOD 10)

Purpose

1. To provide members with an update on the 2018/19 revenue budget and capital programme monitoring position.

Policy Framework and Previous Decisions

2. The 2018/19 revenue budget and the 2018/19 to 2021/22 capital programme were approved by the County Council at its budget meeting on 21st February 2018 as part of the Medium Term Financial Strategy.

Background

3. The latest revenue budget monitoring exercise shows a net projected underspend of £7.5m.
4. The latest capital programme monitoring exercise shows a net projected slippage of £22.5m.
5. The 2018/19 revenue budget and the 2018/19 to 2021/22 capital programme were approved by the County Council at its budget meeting on 21st February 2018 as part of the Medium Term Financial Strategy.
6. The monitoring information contained within this report is based on the pattern of revenue and capital expenditure and income to Period 10 this financial year.

REVENUE BUDGET

7. The latest revenue budget monitoring exercise shows a net projected underspend of £7.5m. 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

8. Dedicated Schools Grant (DSG) expenditure is forecast to overspend by £1.1m due to continued pressure within the High Needs Block.
9. The number of Education Health and Care Plans (EHCP) is increasing through population increases and as a result of Special Educational Needs and Disabilities (SEND) reform which results in an estimated overspend of £4.0m. Lower cost local provision continues to be developed as an alternative to more costly independent provision; three further units for children with Autism Spectrum Disorders opened in the new academic year. Under SEND reform, students are able to access high needs support where they have an EHCP up to the age of 25, and numbers are increasing. This overspend position is partly offset in 2018/19 by an additional £1.5m DSG High Needs Block Grant allocated in December 2018.
10. The Schools Forum approved a £1.3m allocation within 2018/19 for meeting the revenue costs associated with new schools and also for meeting the costs of some funding protection for schools with falling rolls as a result of age range change in other schools. The funding requirements have now been confirmed and an underspend of £1.2m is now forecast. This funding will transfer to the DSG earmarked fund in order to meet the future costs of new schools arising as a result of housing developments across Leicestershire. The revenue cost of commissioning a new school is estimated in total to be £0.5m to £0.8m for a primary and £2.3m to £2.5m for a secondary depending upon size and opening arrangements. 23 new primary and 2 new secondary schools are expected to be built in Leicestershire in the medium to long term.
11. Based on the current position the forecast overspend would be funded from the DSG earmarked fund which totals £2.2m, with the balance of £1.1m carried forward to 2019/20.

Local Authority Budget

12. The local authority budget is reported to overspend by £0.7m (1.0%). The main variances are explained below.
13. The recruitment of social workers is a concern nationally and that position is reflected in Leicestershire resulting in the need to use agency workers to fill vacancies. The financial impact is estimated to be an overspend of £0.6m (children's social care, safeguarding and quality assurance budgets).
14. The Unaccompanied Asylum Seeking Children budget is forecast to overspend by £0.5m. This is a volatile area of the budget where numbers of children and associated costs can change rapidly. For example, this period has seen UASC numbers increase from 68 to 83. The grant received from the Home office does not fully cover costs.

15. Expenditure on placements for Looked after Children (LAC) is projected to overspend by £0.5m. This is due to some unusually higher than average placement costs across both the residential and supported accommodation budget areas. For example, one residential placement with a weekly cost of over £8,000 to ensure the needs of the child can be met fully, in comparison to the weekly average of £3,500. This budget also includes additional costs arising from the increase in foster fees and invest to save costs arising from the Therapeutic Wrap Around Support contract (MISTLE).
16. The CFS Business Support function is forecast to underspend by £0.5m. This is largely as a result of a number of vacant posts as the new service was established and staff turnover following the implementation of the Business Support Review.

Adults and Communities

17. A net underspend of £5.0m (3.6%) is forecast. The main variances are:
 - Residential Care £1.6m underspend due to a reduction in number of service users, a reduction in the cost of packages and increase in service user income.
 - Direct Payments £1.2m underspend due to a higher than expected clawback of unused balances and falling service user numbers.
 - Supported Living £0.3m underspend due to Transforming Care service users that have not yet transferred to Supported Living from Health.
 - Homecare £1.3m overspend relating to increased number of adult social care service users and higher 2017/18 payments than were accrued.
18. Staffing and overhead budgets are forecasting an underspend of £1.8m. As last year following the restructure of the Department it has a high number of social care vacancies. Some of these will be offset by the use of agency staff or are held in advance of savings. Recruitment is in progress and the level of agency staff is reducing.
19. An additional 2018/19 grant for Adult Social Care winter pressures was announced in October 2018. The County Council's allocation is £2.4m. The grant determination states that the funding may only be used for supporting the local health and social care system to manage pressures on the NHS between November 2018 and March 2019 including interventions which support people to be discharged from hospital, which would otherwise be delayed, with the appropriate social care in place. This needs to be in addition to planned spending in 2018/19. It is estimated that approximately £1.4m of A&C current forecast spend is eligible and can be released to the Future Developments Fund to support ASC investment in 2019/20 and later years to fund initiatives that reduce ongoing revenue costs.
20. As in previous years the profile of service users and their care needs are constantly changing which may impact on the services commissioned. Overall demand led expenditure totals c.£160m.

Public Health

21. The department is forecast to underspend by £0.2m. The Public Health grant for the year is £24.9m. Additional income from Clinical Commissioning Groups of £0.1m is expected along with a £0.1m underspend on health checks.

Environment & Transport

22. The Department is forecasting a net overspend of £0.6m (1.0%).

Highways

23. A net overspend of £0.8m is forecast mainly due to the following items:
- Winter maintenance (£0.4m) due to the necessity to treat roads in April, an under provision for charges in 2017/18, additional costs to fill empty barns and additional runs to ensure road safety;
 - Staffing and Administration (£0.4m) arising mainly from a delay in the charging for the pre application advice service and lower recharges to the capital programme, slightly offset by additional savings from some vacant posts.

Transportation

24. A net overspend of £1.1m is forecast mainly due to the following variances:
- Special Educational Needs transport (£1.0m) due to increased demand and an increased number of solo occupancy journeys.
 - Fleet and Social Care transport (£0.3m) due to additional staffing costs, vehicle repair and additional contact visits being arranged.
 - Public Bus Services (£0.1m) due to the costs of subsidising additional bus routes that are no longer commercially viable.
 - Mainstream school transport (-£0.4m) underspend arising from a reduction in pupil numbers being transported.

Environment and Waste

25. A net underspend of £1.3m is forecast mainly due to the following key items:
- Dry Recycling (£0.5m) due to higher than anticipated receipts for dry recycling materials.
 - Treatment Contracts (£0.4m) mainly due to contract price reduction for wood and lower waste tonnages.
 - Composting Contracts (£0.2m) due to decrease in green waste tonnage due to weather (drier and therefore lower growth).
 - Haulage and Waste Transfer (£0.2m) due to an increase in direct deliveries.
26. The department is reviewing the overall position and is taking effective management to reduce where possible the overall overspend position, including ensuring that all income is being forecast and included in recharges.

Chief Executives

27. The department is forecasting an underspend of £0.5m (5.2%) which is mainly due to staff vacancies and increased income

Corporate Resources

28. The department is forecasting an underspend of £0.1m (0.4%). There are underspends across the department as a result of staff vacancies. These underspends are offset in part due to uncertainty over the achievement of Commercial Services income targets.

Contingencies

29. An underspend of £0.1m is forecast regarding the Carbon Reduction Commitment expenditure. There has been a significant fall in the levels of CO₂ tonnages relating to energy consumption, particularly following the Council's investment in switching street lighting to LEDs.
30. Transfers of £12.0m have been made from the inflation contingency, mainly relating to the 2018/19 pay award, increases in employer pension contributions, the Adult Social Care Fee Review and inflation pressures on highways, transport, waste and energy budgets. This results in a revised budget of £2.9m in the contingency. £2m can be released due to a lower net inflation requirement for A&C as a consequence of additional income continuing from 2017/18. No other material issues are anticipated and therefore the remaining balance of £0.9m can also be released as an additional underspend.

Central Items

31. The Revenue Funding of Capital line shows an increase of £3.1m. This relates to the use of the net £1.4m from the winter pressures specific grant, the £1.5m Adult Social Care support grant and additional £0.2m interest income (see below) to provide funding for the Future Developments Fund.
32. An underspend of £0.5m is reported on Central expenditure. The underspend is made up of several small items, the largest relates to additional ESPO surplus income.
33. The Central Grants and Income budget is forecasting additional income of £3.5m, mainly relating to the following:
- The late notification of the Adult Social Care Support Grant (£1.5m, 2018/19 only). The additional income has been added to the Future Developments Fund (and is shown on the Revenue Funding of Capital line) to provide funding for proposals to reconfigure the Council's in-house learning disability residential accommodation, approved by the Cabinet on 12th June 2018.

- Bank and other interest, additional income of £0.2m is forecast due to an increase in the Bank of England base rate in August and a further £2.5m investment in Pooled Property investments midway through the year. As in previous years the additional income has been added to the Revenue Funding of Capital budget for the Future Developments Fund.
 - Prior year adjustment, mainly due to provisional estimates from a detailed review of prior year open purchase orders that are no longer required (£1.6m).
 - On 28 January 2019 MHCLG announced funding of £56.5m to help support councils in England with preparations for Brexit. County Councils will receive £175,000 each, allocated over 2018/19 and 2019/20, 50% of which is reflected in the 2018/19 income forecast.
34. Prior Year Adjustments – the County Council holds two long term prepayments on its balance sheet in respect of payments made upfront for leases of office accommodation. The agreements were entered into as part of the County Council's Office Accommodation Strategy. One agreement was made in 2010/11 in return for a 40 year lease, and the other agreement in 2013/14, in return for a 25 year lease. The current value of the prepayments is £2.8m which is recharged to the revenue budget at £110,000 per annum. Following a review of the accounting treatment it is possible to charge the remaining amount in the current year to revenue budget (prior year adjustments) to remove the going liability and create an annual saving equal to the amount that would have been recharged. It is proposed that this is undertaken in 2018/19 funded from the overall forecast revenue underspend. This is a technical accounting adjustment only, the leases of the properties remain unaffected.
35. A contribution of £1m is forecast to increase the General Fund to £15.8m to reflect the increasing uncertainty and risks over the medium term; these include legal challenges or national matters requiring funding, legislative changes that come with a financial penalty, and service provision issues that require investment. The earmarked funds policy for 2018/19 is to hold the fund in the range of 4% to 5% of the net expenditure, excluding schools. The forecast balance of £15.8m (4.4%) is within that range.

Business Rates Pooling

36. The County Council is undertaking quarterly monitoring with the District Councils and Leicester City Council regarding the 2018/19 Leicester and Leicestershire Business Rates Pool. The latest forecasts show a potential surplus of around £7.7m in 2018/19 compared with a forecast of around £6.0m in January 2018.
37. In September 2018 the partners of the Business Rates Pool submitted a bid to central government to be a pilot for 75% business rates retention in 2019/20. The bid was successful and was announced as part of the Local Government Finance Settlement in December 2018. The latest forecasts show that the Pilot could lever an additional c.£15.7m in funding for the Leicester and Leicestershire area, in addition to the continuation of the Pool surplus at c£9.2m.

Overall Revenue Summary

38. Overall there is a forecast underspend of £7.5m. At this stage it is anticipated that the underspend will be used as below:

- Highways Maintenance in 2019/20, £2m – summer heat damage to roads (see capital section later in the report)
- Long Term Prepayments (prior year adjustments) £2.8m required. The overall revenue underspend is expected to increase by year end that will be able to fund the balance needed.
- Carry forwards at year end. At this stage a potential carry forward of £0.2m has been raised regarding the Chief Executive's Department relating to funding for revenue costs of the Broadband Project Team to complete Phase 3.
- Future Developments £2.5m - to reduce the potential shortfall on the fund. Potential commitments on the Fund exceed current resources by circa £53m. Further details on the fund are provided later in the report.

CAPITAL PROGRAMME

39. The capital programme for 2018/19 totals £111.9m, including net slippage of £0.4m from 2017/18. At this stage a net slippage of £22.5m is forecast. The main variances are reported below.

Children and Family Services

40. The latest forecast shows an underspend of £5.0m compared with the updated budget. The underspend has been reflected in the 2019-23 capital programme. The main variance relates to the provision of Primary Places, £4.7m underspend. A contingency was held within the programme for any issues arising from September 2018 admission which was not required.

Adults and Communities

41. The latest forecast shows net slippage of £0.4m compared with the updated budget. The main variances are, Mobile Library Vehicles - £0.2m slippage, the purchase of a vehicle to allow for rotation of vehicles during maintenance periods has slipped into 2019/20 and Changing Places - £0.2m slippage while further applications are sought.

Environment and Transport

42. The latest forecast for the department shows net slippage of £8.7m compared with the updated budget.

43. The main variances are:

- Transport Asset Management – Maintenance - £1.4m acceleration due to damage to the highways from the heat in the summer months; cracking and movement from sub-soil shrinkage; slippery surfaces through bitumen rising to the top of the road surface; and previous repairs that have lost their adhesion to

the road surface causing potholes to reopen. Additional works have been identified to be completed this year. (In addition increased capital costs following a reassessment of recharges of staff time to capital schemes to ensure all costs are appropriately recovered. A further £0.6m of planned works have been programmed in 2019/20 giving a total required due to Heat Damage of £2m.)

- Mowbray Eastern Distributor Road - £1.0m acceleration due to design work brought forward from 2019/20.
- County Council Vehicle Programme - £1.0m acceleration of spend from future years' allocations after evaluation of the fleet, leading to some assets being identified as no longer being economical / safe to continue repairing and running as well as additional vehicle requirements.
- M1 Junction 23 - £4.2m Slippage of budget due to delay in negotiating with land owners and finalising financial payment agreement with developers. After reviewing the scheme with the newly appointed contractor more appropriate timescales have been identified which has meant the project has continued to slip but this is not expected to impact on the estimated final completion date, March 2021.
- Anstey Lane A46 - £3.4m slippage due to identifying appropriate contractors to complete the work through the Medium Schemes Framework 3 (MSF3) which has now been issued. Tree clearance, statutory undertakers works and early contractor mobilisation costs will now be programmed in 2019/20.
- Zouch Bridge - £2.5m slippage due to a public enquiry which took place and confirmed permission to proceed on 28th January 2019. The design work and feasibility of the required works has been progressed and is indicating significant increases will be needed from the original budget. An update will be provided to the Cabinet in due course.
- National Productivity Investment Fund (NPIF) Hinckley Hub - £1.1m slippage due to the figures were from the original bid but spend profile has now been updated to reflect the actual delivery programme.

44. In the Autumn Budget 2018 the government announced additional one off grant funding for highways maintenance in 2018/19, to repair potholes, bridges and structures, and other minor highways work. The County Council's allocation was £6.3m. Additional corporate funding of £7m was also added to the E&T capital programme in 2018/19 and 2019/20 to deal with urgent maintenance issues that had been identified (£5m highways maintenance and £2m for summer heat damage). Given the future financial position of the Authority there would have been an expectation that this would need to be repaid in future years. However, as a result of the new funding, which has to be spent by the end of March 2019, this can now be used instead. As a result corporate funding of £6.3m will be removed and added to the future developments fund to fund future capital works.

Chief Executives

45. Overall slippage of £2.6m is reported on the Rural Broadband Scheme, Phase 3 as delays have resulted from a longer than expected Open Market Review stage of the procurement, due to additional information being requested from a potential supplier to support their response. This was necessary to ensure the procurement met the

requirements of the Broadband Programme Authority (BDUK). The contract is now expected to be awarded in May 2019.

Corporate Resources

46. The latest forecast shows net slippage of £2.3m compared with the updated budget.

47. The main variances are:

- Snibston Country Park Future Strategy, slippage of £1.1m as a result of the delay in being granted planning permission and the subsequent need to review plans to reflect planning conditions and changes to the scheme. Work is planned to start in early 2019.
- Fit for the Future, Oracle Systems Replacement, slippage of £0.9m following a review of the profile of when the capital elements of the project will be incurred. This does not affect the planned completion date of the project.

Corporate Programme

48. The latest forecast shows net slippage of £3.6m compared with the updated budget. The main variances relate to the Corporate Asset Investment Fund (CAIF):

- CAIF – East of Lutterworth Strategic Development Area (land purchase for residential and employment development) – acceleration £3.4m, the negotiations for this purchase have been complex and are now expected to be finalised in the early part of 2019/20. It had been anticipated that the purchase would have been completed deal before now (acceleration of £12.2m had been forecast at period 9).
- CAIF – Citroen Garage, Leicester – acceleration of £3.2m, purchase completed in December 2018.
- CAIF – Loughborough University Science and Enterprise Park (LUSEP - development of an office block plus car parking spaces) slippage £5.8m due to delay in exchanging contracts with the University, the proposed tenant access and planning issues. Contracts have been exchanged and works commenced on site in February 2019.
- CAIF – Airfield Business Park (development of industrial units on part of site) – slippage £2.4m due to delay in the open tender procurement process. Works commenced on site in February 2019.
- CAIF – Leaders Farm: Site Infrastructure – slippage £0.5m, works to the road will be completed in the new financial year.
- CAIF - Coalville Workspace Project Vulcan Way (development of industrial units) – slippage £0.4m, resolution of tenant issues have delayed the build programme.
- Energy Strategy – slippage £0.8m due to management and process change.

Capital Receipts

49. The requirement for capital receipts for 2018/19 is £15.4m. The latest forecast of receipts is £6.0m, shortfall of £9.4m. The reduction is due to timing delays with the

sale of six sites which are now expected to take place in 2019/20. This temporary position can be managed due to the overall level of slippage on the capital programme. The shortfall has been adjusted for in the new capital programme as part of the MTFs 2019-23.

Corporate Asset Investment Fund

50. A summary of the Corporate Asset Investment Fund (CAIF) position at the end of quarter 3 (December 2018) is set out below:

Asset Class	Opening Capital Value	Capital Incurred 2018/19	Net Income YTD	Forecast Net Income FY	Forecast Net Inc. Return FY
	£000	£000	£000	£000	%
Office	25,610	28	1,880	1,529	6.0%
Industrial	12,034	1	611	787	6.5%
Distribution	350	-	16	19	5.3%
Development	15,015	6,204	-2	5	0.0%
Rural	18,751	0	220	829	4.4%
Other	1,115	3,088	1	284	6.8%
Pooled Property	20,423	2,500	600	850	3.7%
Private Debt	7,126	13,000	450	650	3.2%
TOTAL	100,424	24,821	3,776	4,953	4.0%

51. Overall the fund is forecasting to achieve a 4.0% income return for 2018/19. Excluding the 'Development' classification, which includes Airfield Farm, Bardon and works at Lutterworth South, the return would increase to 4.8%. The overall rate is also temporarily reduced due to investments made part way through 2018/19, particularly Pooled Property and Private Debt, where forecast income is part year. A full year effect is estimated to increase the overall return to 5.2%.
52. It should be noted that the above table excludes capital growth which is assessed annually as part of the asset revaluation exercise. The overall position will be included in the Annual Report produced after year end.
53. During September 2018, an additional £2.5m was invested in Pooled Property funds bringing the total invested to £22.5m of the original plan to invest up to £25m.
54. Additional investment of £13m was also made in Private Debt during 2018/19, increasing the total to the planned £20m.

Future Developments Fund

55. The latest estimated balance of available resources for the future developments fund is £18m. This position includes the current year underspend, allocations made in 2018/19 and the MTFs 2019-23.

56. The following allocations have been made in 2018/19:
- ERP Replacement, £2m (£1.3m capital, £0.7m revenue) of a total allocation of £5m (Cabinet 9 Feb 2018).
 - Supported Living Scheme in Great Glen, £1.0m (of a total £2.5m, Cabinet 6 July 2018)
 - Embankment House, Nottingham – land appraisal works, £0.2m
57. The balance on the Future Developments fund is held to contribute towards schemes that have been identified but are not sufficiently detailed for inclusion in the capital programme at this time. There is a long list of projects that may require funding over the next 4 years. These include investment in infrastructure for schools and roads arising from increases in population, investment in health and social care service user accommodation, highways match funding of capital bids, investment in community speed enforcement (depending on the outcome of the pilot), funding for the heritage and learning collection hub, a contingency and transitional costs for the new records office, and investment for the efficiency and productivity programme. The list of future developments is continually refreshed.
58. The latest estimate of funding required is £71m, compared with the funding available of £18m. This leaves a potential shortfall of £53m.
59. Closing the gap by taking on new loans is not the preferred option, as this increases the requirement for future savings. The position will be managed through prioritisation and where possible the identification of alternative funding sources. Financial modelling is being completed and all potential income streams are being considered including contributions from partners. It is expected that this situation can be avoided as over the course of the MTFS one or more of the following opportunities will arise:
- Underspends on the County Council revenue budget.
 - Unexpected grants are received to replace previously earmarked County Council resources.
 - Temporary use of the cash supporting earmarked funds in advance of it being required, rather than making short term cash investments.
 - Utilising the annual provision (MRP) made for the repayment of debt that is not required until the 2040s. This would avoid £6.5m per annum of borrowing.
 - Delay some of the expenditure until resources are available.

Recommendation

60. The Scrutiny Commission is asked to note the content of this report.

Background Papers

Report to County Council – 21 February 2018 – Medium Term Financial Strategy 2018/19 to 2021/22

<http://politics.leics.gov.uk/documents/s135701/MTFS%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

Officers to Contact

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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 2018 TO JANUARY 2019**

	Updated Budget	Projected Outturn	Difference from Updated Budget		
	£000	£000	£000	%	
Schools Budget					
Delegated	116,511	116,511	0	0.0	
Centrally Managed	99,379	100,509	1,130	1.1	
Dedicated Schools Grant (DSG)	-215,890	-215,890	0	0.0	
Balance to/from DSG Earmarked Fund	0	-1,130	-1,130	n/a	
	<u>0</u>	<u>0</u>	<u>0</u>	<u>n/a</u>	
LA Budget					
Children & Family Services (Other)	71,812	72,502	690	1.0	AMBER
Adults & Communities	137,139	132,179	-4,960	-3.6	GREEN
Public Health *	-616	-776	-160	n/a	GREEN
Environment & Transport	66,643	67,283	640	1.0	AMBER
Chief Executives	10,402	9,862	-540	-5.2	GREEN
Corporate Resources	32,983	32,853	-130	-0.4	GREEN
DSG (Central Dept. recharges)	-922	-922	0	0.0	GREEN
Carbon Reduction Commitment	275	175	-100	-36.4	GREEN
Contingency for Inflation	2,930	0	-2,930	-100.0	GREEN
Total Services	<u>320,646</u>	<u>313,156</u>	<u>-7,490</u>	<u>-2.3</u>	
Central Items					
Financing of Capital	22,500	22,500	0	0.0	GREEN
Revenue Funding of Capital	29,700	32,830	3,130	10.5	RED
Central Expenditure	3,083	2,623	-460	-14.9	GREEN
Central Grants and Other Income	-13,440	-16,940	-3,500	26.0	GREEN
Total Central Items	<u>41,843</u>	<u>41,013</u>	<u>-830</u>	<u>-2.0</u>	
General Fund- transfer	0	1,000	1,000	n/a	RED
General Fund - 2017/18 carry forwards	-314	-314	0	0.0	GREEN
Total Spending	<u>362,175</u>	<u>354,855</u>	<u>-7,320</u>	<u>-2.0</u>	
Funding					
Revenue Support Grant	-8,549	-8,549	0	0.0	GREEN
Business Rates - Top Up	-38,813	-38,813	0	0.0	GREEN
Business Rates Baseline / retained	-22,960	-22,960	0	0.0	GREEN
S31 Grants - Business Rates	-2,822	-2,992	-170	6.0	GREEN
Council Tax Collection Funds - net surplus	-3,556	-3,556	0	0.0	GREEN
Council Tax	-285,475	-285,475	0	0.0	GREEN
Total Funding	<u>-362,175</u>	<u>-362,345</u>	<u>-170</u>	<u>0.0</u>	
Net Total	<u>0</u>	<u>-7,490</u>	<u>-7,490</u>		

* Public Health funded by Grant (£24.9m)

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

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Revenue Budget 2018/19 – forecast main variances**Children and Family Services****Dedicated Schools Grant**

A net overspend of £1.1m is forecast, which will be funded from the DSG earmarked fund.

The main variances are:

	£000	% of Budget
High Needs Block (HNB)		
Special Educational Needs (SEN)	4,020	7%
The 2018/19 MTFS included potential savings of £1.5m. Some savings have been achieved but the increased school population, increased demand for support and full year effect of changes in SEND legislation is offsetting these savings. The final choice of place often is not 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 but some budget areas could have additional pupils arriving during the remainder of the year if they move into the area or are assessed later. Additional complex cases moved into the county after the budget was set and the forecast reflects these additional costs. A High Needs Recovery Plan has been established and consultation is underway on the development of additional local provision.		
Dedicated Schools Grant HNB	-1,545	2%
£1.5m additional 2018/19 HNB DSG allocated in December 2018.		
Specialist Services to Early Years	-110	9%
Underspend largely due to the service restructure and subsequent resignations.		
Schools		
School Growth	-1,200	n/a
The Schools Forum approved a £1.3m allocation within the 2018/19 for meeting the revenue costs associated with new schools and also for meeting the costs of some funding protection for schools with falling rolls as a result of age range change in other schools. The funding requirements have now been confirmed and an underspend of £1.2m is now forecast; this will be transferred to the DSG earmarked fund to fund pupil growth in future years.		
Other variances	-35	n/a
TOTAL	1,130	n/a

Local Authority Budget

The Local authority budget is forecast to overspend by £0.7m (1.0%). The main variances are:

	£000	% of Budget
Children's Social Care Field Work Teams / First Response / CSE	615	7%
Recruitment and retention pressures among the Children's Social Workers workforce across various teams have resulted in a number of positions being filled by agency workers.		
Unaccompanied Asylum Seeking Children (UASC)	490	150%
Demand on this budget has significantly increased over the last couple of financial years and is projected to do the same this financial year, which has resulted in increased need for additional staffing to manage demand. This period UASC numbers have increased from 68 to 83 in one month. The majority of these children arrive 'spontaneously' and on arrival are the statutory responsibility of the local authority in which they arrive.		

CFS Placements Budget (LAC)	485	2%
This is because of some unusually higher than average placement costs across both the residential and supported accommodation budget areas. For example, this has resulted in one residential placement with a weekly cost over £8k to ensure the needs of the child, which are of a CSE nature, can be met fully, in comparison to the weekly average of £3.5k. The average weekly unit cost of supported accommodation has also risen by £200 from last financial year and is due planned step down approach and transition of children with more complex needs from residential placements in preparation for adulthood. The budget also includes additional costs arising from the increase in foster fees and invests to save costs arising from the Therapeutic Wrap Around Support contract (MISTLE). The position will continue to be closely monitored.		
Fostering and Adoption Service	400	14%
Some substantive positions within the service are being filled by agency workers. Increased volumes of assessments which require completing in relation to kinship, mainstream and adoption as a result of externally commissioning these assessments to ensure compliance within court timescales.		
Children in Care Service	275	14%
Legislation changes around the Personal Advisor duty has resulted in budget pressures for 2018/19 which will require close monitoring. The Social Care Act 2017 has extended the duty for local authorities to provide support for young people through personal advisors from age 21 to age 25.		
Psychology Service	175	27%
Demand for first time Educational Psychology statutory assessments exceeding service capacity which has resulted in additional full time equivalent Locum's to manage demand.		
Early Help	-550	-5%
Early Help cost centres forecasting an underspend largely due to managed vacancies and staff turnover as a result of transition to the new service as a result of the Early Help Review.		
Admin and Committees / Business Support	-520	-9%
Underspend of £420k due to managed vacancies during the implementation of the Business Support review. There is more certainty around the value of the business support Service Level Agreement between children's social care and adults and resulted in circa £100k underspend for 2018/19.		
Disabled Children Service	-320	-7%
Reduced demand on direct payments budget.		
Education Quality Improvement	-155	-57%
Underspend due to vacancies and DfE grant above what was expected by £70k.		
Virtual School	-155	-20%
Transition planning for the 2019/20 MTFS savings requirement has resulted in early achievement of the required £200,000 saving.		
Other variances	-50	n/a
TOTAL	690	n/a

Adults & Communities

The Department is forecasting a net underspend of £5.0m (3.6%). The main variances are:

	£000	% of Budget
Home Care	1,270	8%
There has been an increase in ASC service users being managed through Help to Live at Home (HTLAH) providers partially corresponding to a decrease in numbers in direct cash payments. Efforts to keep Older Adults out of residential placements either in their own existing homes or transfer to supported accommodation Waterside Court Extra Care scheme in Loughborough has reduced residential costs but increase homecare costs. In addition approximately £300k of the overspend relates to late 2017/18 payments being greater than accrued. This overspend is offset in small part through falling health funded clients. Currently there are 1,862 packages with average package costs of £175 per week.		
Community Income	220	1%

Reduced income from Learning Disability pooled budget due to lower number of transitioning service users than expected. Also a significant fall in health funded HTLAH income due to a lower number of continuing healthcare service users than in 2017/18.

Care Pathway West - Countywide Services	210	18%
Additional agency staffing recruited.		
Extra Care	155	22%
Overspend due to a combination of factors. New contracts from November 2018 to March 2019 are more expensive than budgeted for £45k and other one off contract payments of £100k.		
Residential Care and Nursing	-1,595	-3%
Reduction in number of service users and lower average cost of packages (£0.2m) and increased service user income is anticipated (£1.4m). There are 2,366 service users with an average gross care package cost of £739 per week.		
Winter Pressures- Specific Grant	-1,400	n/a
Element of £2.4m Winter Pressures specific grant to be carried forward as part of the future developments fund (revenue funding of capital budget heading under Central Items).		
Direct Payments (DP)	-1,150	-3%
The underspend mostly relates to clawback achieved in excess of the MTFS saving for 2018/19 of £1.6m and in part to a fall in the number of service users linked to new starters choosing HTLAH arrangements instead of taking a Direct Payment. This is offset by the increase in average package size of £0.5m. In 2016/17 there was a significant migration from homecare to cash payments which allowed service users to retain their provider ahead of the HTLAH lead providers taking over lots, this is now unwinding. There are 2,500 service users per week receiving an average package of £290.38 and 489 carers per week receiving an average package of £45.17		
Reablement (HART) & Crisis Response	-640	-14%
Staffing underspend caused by a high level of vacancies to deliver savings and significantly lower health referrals.		
Community Life Choices (CLC) / Day Services	-370	-15%
Underspend due to changes within the services and service users (CLC policy) and vacancies being held pending the implementation of action plans for co-location as part of saving AC6. Review of service users is still ongoing, action plan will take place once this has occurred.		
Supported Living	-320	-2%
Transforming Care service users have transferred more slowly than expected from in patient placements in health to supported living community based settings. Current service user numbers are 300.		
Business Support	-280	-17%
Staffing vacancies pending stabilisation of services and possible changes to internal service provided to C&FS.		
Safeguarding, Deprivation of Liberties (DOLS) & Court of Protection	-205	-7%
Staffing underspends related to vacancies including new posts included as growth in the current MTFS.		
Community Care Finance	-205	-15%
Staffing vacancies pending action plan.		
Supported Living, Residential and Short Breaks	-205	-5%
Reduction in service users in Hamilton Court residential and managing vacancies at Hamilton Court and The Trees. Reviews of service users are still ongoing.		
Care Pathway West - Older Adults Team	-140	-5%
Staffing underspend caused by vacancies.		
Care Pathway East - Review Team	-130	-10%
Staffing underspend caused by vacancies.		
Other variances (under £100k)	-175	n/a
TOTAL	-4,960	n/a

Public Health

The Department is forecasting a net underspend of £0.2m. The main variances are:

	£000	% of Budget
Public Health Leadership	145	10%

Reduction in contribution from earmarked funds due to underspends across the department.		
Health Checks	-85	-16%
Numbers of checks are reducing due to a targetted provision and improved software to check claims received.		
Sexual Health	-85	-2%
Additional income has been received from CCGs which relates to contraceptive procedures which are undertaken for treatment of a medical condition.		
Smoking and Tobacco	-75	11%
This is mainly due to a staffing underspend.		
Other variances (under £100k)	-60	n/a
TOTAL	-160	n/a

Environment and Transport

The Department is forecasting a net overspend of £0.6m (1.0%). The main variances are:

	£000	% of Budget
<u>Highways</u>		
Winter Maintenance	405	25%
Overspend forecast due to: - necessity to treat roads in April, - under-accruing for the cost of farmers ploughing roads in 2017/18 behalf of the County Council, - additional costs for yardmen and loading shovel to fill empty barns with salt, -additional runs being completed to ensure road safety.		
Highways Commissioning - Staffing & Admin Commissioning	360	19%
Overspends are forecast for: Highway Development Management (£312k) due to a delay in commencing charging for pre application advice and additional consultancy to cover long term sickness; Transport Strategy and Policy (£212k) due to lower than expected recharges to the capital programme; HS2 (£50k) arising from staffing costs over and above the budgeted level; growth for this has been approved for the next financial year. These overspends are partially offset by forecast underspends for: Safe and Sustainable Travel (£86K) from additional contribution from the Access fund; additional income (£95k) from the Network Data and Intelligence team, and Asset Management and Major Projects (£25k) from additional recharging to capital projects.		
Environmental Maintenance	115	3%
Forecast overspend due to additional costs for outsourced strimming services of jitties. A review of this service is now underway. There is also additional sign cleaning costs undertaken in the summer.		
Traffic Controls	-75	-6%
Underspend from additional income relating to Developer Traffic Regulation Order and savings in the traffic signals energy budget.		
Street Lighting Maintenance	-75	-3%
Forecast underspend due to works costs on routine maintenance being less than expected and small savings in energy budgets.		
<u>Transportation</u>		
Special Educational Needs	955	9%
Overspend forecast due to increased demand and the increased number of solo occupancy journeys for pupils during 2018/19, the need for which has been highlighted as part of the risk assessment process. Growth has been included in the MTFS 2019-23 to fund these ongoing increased costs. The forecast overspend position has increased significantly since period 8 as the full financial impact of new travel arrangements for the 2018/19 academic year is now evident.		
Social Care Transport	170	5%
Current spend on children's social care transport is higher than expected due to more contact visits being arranged and more corporate parenting transport requests. In addition, there have been delays implementing contract and service changes that are due to deliver savings.		

Fleet Transport	115	56%
Overspend due to unexpected significant repairs to a number of vehicles and lower than budgeted income.		
Public Bus Services	95	4%
Overspend forecast due to the cost of subsidising additional bus services / routes that are no longer commercially viable.		
Concessionary Travel & Joint Arrangements	85	2%
Forecasting overspend due to increased bus pass usage and £42k payment relating to 2017/18 being made in 2018/19.		
Mainstream School Transport	-380	-9%
Underspend forecast based on reduction in pupil numbers and fewer contracted services required.		
Environment & Waste Management		
Recycling and Household Waste Sites (RHWS)	150	6%
Overspend includes £126k relating to RHWS haulage. This overspend has arisen due to prolonged vehicle hire following a road traffic accident (£25k additional costs), hire of agency staff to cover long term sickness / vacancies and higher vehicle repair and maintenance and fuel costs. Forecast also includes additional spending at RHWS sites on CCTV, concreting works, compaction refurbishments and container upgrades.		
Landfill	55	1%
Overspend forecast due to reduced waste tonnages being sent to Energy from Waste (EfW) sites in December.		
Dry Recycling	-480	-28%
Forecast underspend continues to increase as the market values being received for Dry Recycling Materials (DRM) are considerably higher than budget. In particular, there has been a significant increase in paper and card prices.		
Treatment Contracts	-390	-4%
Refuse Derived Fuel underspend forecast due to lower wood tonnages in addition to a contract price reduction for wood. Energy from Waste (EfW) tonnages are also lower than the budgeted level. In addition, a one-off payment of £125k has been received in 2018/19 due to an agreed back-dated EfW price reduction received following the agreement of the Coventry shareholding.		
Composting Contracts	-255	-15%
Underspend forecast due to decrease in green waste tonnage due to weather (drier and therefore lower growth).		
Haulage & Waste Transfer	-190	-11%
Underspend forecast due to reduced tonnages being hauled to the Energy from Waste sites and also due to waste being hauled to destinations with lower haulage rates.		
Income	-160	13%
Extra income forecast from increased trade waste.		
Environment & Waste Management, Policy and Strategy - Staffing & Admin	-75	-8%
Underspend forecast due to staffing vacancies.		
Other variances	215	n/a
TOTAL	640	n/a

Chief Executives

A net underspend of £0.5m (5.2%) is forecast. The main variances are:

	£000	% of Budget
Planning Services	-215	-46%
The underspend is due to an increase in planning fee income and also there are a number of vacancies for which recruitment is proving difficult.		
Trading Standards	-170	-12%
Mainly due to an underspend on staffing as there have been a number of resignations and also changes in agency staff, for whom replacements are difficult to source.		
Strategy & Business Intelligence	-110	-3%
The underspend is due to vacancies across the service, including some difficult to fill posts. There has also been an increase in external income within the Business Intelligence Service.		
Democratic Services and Administration	-75	-6%
There are vacancies due to staff turnover; these are being held whilst a review of support staff across Member Services and Civic Support is carried out.		
Other variances	30	n/a
TOTAL	-540	n/a

Corporate Resources

A net underspend of £0.1m (0.4%) is forecast. The main variances are:

	£000	% of Budget
Commercial Services	265	-13%
Potential underachievement of income targets, primarily due to underachievement of income in Sites Development and at Beaumanor Hall and Park. The service are working hard to continue to control costs and generate further income to drive this figure down.		
Major Condition Improvement Works	200	8%
Expenditure on the School Maintenance Fund is projected to be above the level of contributions to the Fund from schools. Restrictions are being put in place to limit spend for the remainder of the year to attempt to limit the overspend.		
Information & Technology	-455	-5%
Underspends as a result of vacancies across several teams within the service.		
Commissioning Support Unit	-170	-17%
Service carrying vacancies which it has been unable to fill, alongside additional income generation for external works.		
Human Resources	-85	-9%
Variance principally as a result of staff vacancies which are not currently intended to be filled (including a post being funded by the Fit For The Future project).		
Other variances	115	n/a
TOTAL	-130	n/a

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CAPITAL PROGRAMME MONITORING STATEMENT (PERIOD 10)

	Original Budget 2018/19	Outturn adjustments	Changes in Funding 2018/19	Updated Budget 2018/19	Forecast	Updated Budget v Forecast Variance
	£000	£000	£000	£000	£000	£000
Children & Family Services*	16,620	5,800	210	22,630	17,667	-4,963
Adults and Communities	6,160	388	379	6,927	6,493	-434
Public Health	480	0	0	480	480	0
Environment & Transport	37,220	-297	10,919	47,842	39,190	-8,652
Chief Executive's	3,900	1,027	95	5,022	2,430	-2,592
Corporate Resources	3,540	866	1,470	5,876	3,610	-2,266
Corporate Programme	30,590	-7,338	-108	23,144	19,591	-3,553
Total	98,510	446	12,965	111,921	89,461	-22,460

*Excludes Schools Devolved Formula Capital

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Capital Budget 2018/19 – forecast main variances**Children and Family Services**

Net underspend of £5.0m is forecast compared with the updated budget. The main variances are:

	£000
Provision of Additional Primary Places	-4,668
Contingency set aside for issues arising from September admissions not needed and underspend from 2017/18 was not required. One scheme identified for acceleration but 2018/19 spend will be minimal.	
10+ Provision	-295
Slippage as scheme passported to academy and linked to DfE funding, completion expected to be September 2019.	
TOTAL	-4,963

Adults & Communities

Net slippage of £0.4m is forecast compared with the updated budget. The main variances are:

	£000
Mobile Library Vehicles	-245
The purchase of a vehicle to allow for rotation of vehicles during maintenance periods has slipped into 19/20. The remaining funding will be slipped into next year for the delivery of the new vehicle.	
Changing Places / Toilets	-159
At this stage there are 2 schemes expected to be delivered in 18/19 for £55k, with the remaining funding unspent and carried forward to 19/20 while further applications are sought.	
Other variances	-30
TOTAL	-434

Public Health

The forecast expenditure is in line with the original capital programme.

Environment and Transport

Net slippage of £8.7m is forecast compared with the updated budget. The main variances are:

<u>Environment and Transport - Transportation</u>	£000
Transport Asset Management - Maintenance	1,408
Acceleration of budget due to reassessment of recharging of staff time to capital schemes to ensure all costs are appropriately reflected in outturn forecasts. In addition there has been damage to the highways from the heat in the summer months. Additional works have been identified to be completed this year.	
Melton Mowbray Eastern Distributor Road	1,042
Acceleration of budget due to additional AECOM design work anticipated this year rather than next.	
County Council Vehicle Programme	1,027
Acceleration of spend from future years' allocations due to evaluation of the fleet leading to some assets being identified as no longer being economical/safe to continue repairing and running as well as additional vehicle requirements.	
Advanced Design	368

Acceleration due to additional works advanced on the microsimulation project which will enable the project to finish earlier and the tool available for use. Additional emerging priorities work which will be accelerated and a review of the budgets is underway, additional works identified for the HIF bidding process.	
A50 Overbridge Markfield	371
Problems encountered with exposed bridge deck which required extensive repair at each of the three joints. This unanticipated delay in the works has led to a compensation event with the contractor.	
Strategic Economic Plan (SEP) - M1 Junction 23	-4,226
Slippage of budget due to delay in negotiating with land owners and finalising financial payment agreement with developers. After reviewing the scheme with the newly appointed contractor more appropriate timescales have been identified which has meant the project has been delayed.	
SEP - Anstey Lane A46	-3,427
Slippage of budget due to identifying appropriate contractors to complete the work through the MSF3 framework which has now been issued. Delays to the tree clearance, expected utility works and some early contractor mobilisation costs will now be moved into next year.	
Zouch Bridge Replacement	-2,522
Slippage of budget due to a public enquiry which took place in August 2018. Orders confirmed by DfT on 28th January 2019. Therefore the spend is now not anticipated to be until 2019/20. Planned start Spring 2020.	
National Productivity Investment Fund (NPIF) - Hinckley Hub	-1,058
Original profile was from the original NPIF bid but spend profile has now been updated to reflect actual delivery programme. Any slippage this year will be spent in 2019/20.	
Safety Schemes	-352
Slippage as the identified safety schemes cost less than expected and now further work can be commissioned but due to timeframes this will now not complete until 2019/20. In addition there is £50K for the safety camera car programme to be spent 2019/20.	
Croft Office Blocks Improvements	-335
Works at the workshop have slipped, primarily due to changes in key personnel to progress the project.	
Melton Depot - Replacement	-250
Planning permission for the site at Sysonby Farm is due to be submitted imminently but there are unlikely to be significant works on site this financial year.	
Transport Asset Management - Flood Alleviation	-247
Slippage of budget due to further site investigations identifying further surveying and design works to be completed. To minimise disruptions and work with greater efficiency some work has been postponed until	
National Productivity Investment Fund (NPIF) - Snibston Cycle Link	-241
slippage due to the figures were from the original bid but spend profile has now been updated to reflect the actual delivery programme	
Traffic Counter Renewals and Surveys	-155
The refresh of this scheme is now scheduled for 2019/20 to ensure appropriate equipment and best available prices are achieved.	
Environment and Transport - Waste Management	
Recycling Household Waste Sites - General Improvements	127
Acceleration due to additional costs to repair the Loughborough pushwall, Waste transfer station and New compaction equipment is required at the RHWS.	
Other variances	-182
TOTAL	-8,652

Chief Executives

Net slippage of £2.6m is forecast compared with the updated budget. The main variances are:

	£000
Rural Broadband Scheme - Phase 3	-2,590

There is slippage as delays have resulted from a longer than expected Open Market Review stage of the procurement, due to additional information being requested from a potential supplier to support their response. This was necessary to ensure the procurement met the requirements of the Broadband Programme Authority (BDUK). The contract is now expected to be awarded in May 2019.

Other variances	-2
TOTAL	-2,592

Corporate Resources

Net slippage of £2.3m is forecast compared with the updated budget. The main variances are:

	£000
Snibston Country Park Future Strategy	-1,130
As a result of the delay in being granted planning permission and the subsequent need to review plans to reflect planning conditions and changes to the scheme. Work is planned to start in early 2019, necessitating slippage of the capital budget into 2019/20.	
Oracle Systems Replacement / 'Fit for the Future'	-880
Review of costs and classification of these has identified that the majority of costs associated with this programme are of a revenue nature. Forecast has been adjusted to reflect expected capital spend in 2018/19, with the 2019/20 requirement being slipped.	
CSC Telephony System Replacement	-100
ICT Services identifying service requirements for the telephony solution and how many users will be involved. Currently seeking to refine these figures before going out to the market for quotes. Programme now likely to slip into 2019/20.	
Beacon Hill Café and Education Centre	-58
The potential to add a Café to one of the Authority's thriving Country Parks is still considered to be a key component of the Country Park Strategy. Following a review of the business case for venture, work has now started on site and the facility is expected to be complete Summer 2019.	
Other variances	-98
TOTAL	-2,266

Corporate Programme

Net slippage of £3.6m is forecast compared with the updated budget. The main variances are:

	£000
Corporate Asset Investment Fund (CAIF) - East of Lutterworth Strategic Development	3,371
Acceleration of scheme based on anticipated timing of land purchases. The negotiations for this purchase have been very complex. It had been anticipated that the vendors would sign off the deal before now but this is now expected to fall into early next financial year.	
Corporate Asset Investment Fund (CAIF) - Citroen Garage Leicester	3,150
Acceleration of scheme as purchase was completed mid December 2018.	
CAIF - Loughborough University Science & Enterprise Park (LUSEP)	-5,771
Slippage due to delay in exchanging contracts with the University, the proposed tenant access and planning issues. Works have now commenced on site in February 2019. This is an extremely complex deal involving many stakeholders.	
CAIF - Airfield Business Park	-2,391
Slippage due to delay in the open tender procurement process, works commenced on site in February 2019.	
Energy Strategy	-792
Slippage due to management and process change.	
CAIF - Leaders Farm: Site Infrastructure	-508
Works to the road will be completed in the next year.	
CAIF - Coalville Workspace Project	-438
Resolution of tenant issues delayed the build programme.	
CAIF - Industrial Properties Estate: General Improvements	-150
Vulcan Court roof will now be undertaken in 2019/20.	
Other variances	-24
TOTAL	-3,553

Capital Programme - Changes in Funding

Outturn Adjustments - 2017/18	£000
Children & Family Services	5,800
Adults & Communities	388
Environment & Transport	-297
Chief Executives	1,027
Corporate Resources	866
Corporate Programme	-7,338
	446

2018/19 Budget Adjustments

<u>Children and Family Services</u>	
Healthy Pupils New Capital Grant - New Announcement	202
School Condition Grant - Confirmation of 2018/19 allocation (difference)	8
<u>Adults & Communities</u>	
Supported Living Scheme Great Glen (purchase of building) - funding approved Cabinet 6-Jul-18 from Future Developments (additional Adult Social Care Precept).	1,000
Mountsorrel Transforming Care - scheme removed which was subject to NHS bid	-440
Hinckley, The Trees - scheme removed, will now take place in 2019/20	-390
Danemill Annex £84k and Libraries £25k - revenue funding contribution	109
Carlton Drive - capital contributions unapplied (funding received advance of need).	16
Danemill Annex - contribution from Energy Strategy Capital Programme.	108
<u>Environment and Transport</u>	
DfT Roads Maintenance Funding - new Grant, Autumn Budget 2018	6,303
Highways Maintenance Restorative Patching - funding approved Cabinet 22 May 2018 (part of £5.0m) from Future Developments Fund	2,700
Transport Asset Management - DfT Flood Resilience Fund - New Grant allocation	608
Highways Capital - Capital Financing Earmarked Fund	1,160
Vehicle Programme and Safety Scheme - Capital Financing Earmarked Fund	782
DfT Pothole Fund and Incentive Fund Grant - Adjustment per grant announcement	-299
A50 Markfield Overbridge -capital contributions unapplied	302
Advance Design SEP - LLITM earmarked fund	208
Sapcote Fleet Depot - capital contributions unapplied	191
Markfield, Shaw Lane - £0.2m Section106 Developer and £0.7m capital contributions unapplied	933
Externally funded schemes - Section 106 Developer contributions	1,709
Speed Camera Replacement - Leicester, Leicestershire, Rutland Road Safety Partnership (LLRRSP) contribution	913
M1 Bridge to Growth - £0.2m capital contributions unapplied and £0.6m developer contribution	751
West Lane Scheme - funded by developer	440
A42 Junction 13 - capital contributions unapplied	383
Birstall P&R Cycleways - capital contributions unapplied	85
Reduction corporate funding for highways maintenance, substitute new grant	-2,700
Reduction corporate funding for highways maintenance, substitute new grant	-3,603
Advance Design £30k and Capital Plant £24k - funded from Major Projects and Plant earmarked funds	54
<u>Chief Executives</u>	
Rural Broadband Phase 2 - funded from Broadband earmarked fund	95
<u>Corporate Resources</u>	
Fit for the Future - funded from Future Developments Fund (part of £5m allocated)	1,310
CSC Telephony System Replacement - Transformation earmarked fund	70
Insurance System Replacement - Insurance earmarked fund	90
<u>Corporate Programme</u>	
Energy Strategy - contribution to Danemill Annex	-108
Sub Total	12,990

Overall Total	13,436
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