

CABINET 6 FEBRUARY 2015**MEDIUM TERM FINANCIAL STRATEGY 2015/16 TO 2018/19****COMMENTS OF THE OVERVIEW AND SCRUTINY
COMMITTEES AND THE SCRUTINY COMMISSION**

Draft minute extracts from the following meetings are attached -

- Adults and Communities Overview and Scrutiny Committee
- Children and Families Overview and Scrutiny Committee
- Environment and Transport Overview and Scrutiny Committee
- Health Overview and Scrutiny Committee
- Scrutiny Commission

**ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE –
20 JANUARY 2015**

MEDIUM TERM FINANCIAL STRATEGY 2015/16 – 2018/19

MINUTE EXTRACT

The Committee considered a joint report of the Director of Adults and Communities and Director of Corporate Resources which provided information on the proposed 2015/16 to 2018/19 Medium Term Financial Strategy (MTFS) as it related to the Adults and Communities Department. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

The Chairman welcomed Mr D W Houseman MBE CC, Cabinet Lead Member for Adult Social Care and Mr R Blunt CC, Cabinet Lead Member for Heritage, Leisure and Arts to the meeting for this item.

In introducing the report the Director of Adults and Communities and Cabinet Lead Members advised that the Department was facing unprecedented budget pressures as well as demand pressures. In response to the challenge the Department was focused on:-

- Reducing demand by investing in early intervention and prevention;
- Ensuring care was provided in the most cost effective way which would mean some restriction on choice;
- Closer working and commissioning of services with partners, particularly the NHS.

There were some key risks facing the Department particularly in relation to resources required to implement the Care Act and the level of fees payable to care providers. In addition, the Committee was advised that monies from the Better Care Fund coming into the County Council were subject to the achievement of challenging targets for reducing hospital admissions.

General

In response to comments from members the Director undertook to provide:-

- Figures for departmental income over the last three years (*copy attached as an appendix to this minute*);
- Figures for the overall spend on learning disabilities, mental health and physical disabilities to enable members to see the proposed growth outlined at G6, G7 and G8 in context (*work on this is being undertaken and details will be provided to members shortly*);
- An analysis of the transformation savings outlined in paragraph 29 to 34 of the report and the impact of these programmes on service users to a future meeting of the Committee.

Arising from discussion the following points were raised:-

Communities and Wellbeing Savings

- (i) In relation to the departmental saving D28 – Reduction in funding for Community Museums, members noted the proposals to develop

community partnerships to operate community museums. Whilst this was generally welcomed, concern was raised regarding community capacity given that there were already proposals for communities to operate local libraries. Officers noted concerns expressed and advised that the County Council would work to build capacity in local areas which would include working with parish councils, schools and community groups. The County Council would provide some professional museum support as well as access to museum collections;

- (ii) With regard to the reduction of the overall Communities and Wellbeing budget which would reduce to approximately £3 million by 2017/18, the Director advised that work was underway to consider the future shape of the service with a view to understanding how to achieve best value for that level of investment. This work would cover both libraries and museum services, explore options for future delivery and consider how to maximise income;
- (iii) Members were advised that savings targets for Communities and Wellbeing services for 2015/16 totalled £710,000, of this a total of £180,000 had been identified. The balance of £530,000 remained unallocated pending further consideration of business cases and outcomes of consultations currently underway;
- (iv) In relation to the savings requirements for libraries members were advised that £180,000 was to be achieved by a reduction in the opening hours at the 16 main libraries;

Adult Social Care Savings

- (v) Members welcomed the work undertaken in developing the Shared Lives service which had not only delivered savings but improved quality of care as evidenced by the high level of satisfaction from service users;
- (vi) With regard to proposals for outcome based commissioning for domiciliary care members were advised that a Scrutiny Review Panel was looking at new models of commissioning including a proposal to reduce the number of service providers. The outcome of the Panel would be reported to the Committee at a future meeting;
- (vii) In relation to the new model for early intervention and prevention support the Committee was advised that existing contracts were being decommissioned and new services commissioned under the new model. A report would be made to a future meeting of the Committee on the outcomes expected from this new approach;
- (viii) In relation to an issue concerning outsourcing of services, members were advised that the Adults and Communities Department was operating within the framework set out in the County Council's Commissioning and Procurement Strategy. The Adults and Communities Department had developed a robust mixed economy for the delivery of care services and had demonstrated that better value could be achieved in a number of areas through commissioning from external providers;

- (ix) It was explained that work was underway to look at the development of Extra Care schemes in the Melton area. The site for Catherine Dalley House was one potential area for development. A report would be submitted to the Committee once an outcome of evaluation of potential sites was completed;
- (x) With regards to the review of the reablement programme, the Director advised that reablement was increasingly a mainstream function. The review would seek to identify better ways of targeting provision which might include some externalisation. In undertaking the review consideration would be given to ensuring that the service delivered on the prevention and early discharge agenda;
- (xi) With regard to day service placements and reduction in day centres, members were advised that this formed part of the ongoing strategy of promoting independence and reducing institutionalised care. Research in this area had indicated that offering community based solutions was preferable;
- (xii) The proposed reduction in equipment and adaptations would not impact on priority cases as the aim was to reduce spend on low value equipment. Savings would be achieved by reviewing all areas of expenditure. Priority would be given to those people in most urgent need;
- (xiii) The Department had undertaken a robust analysis of the requirements it would face under the Care Act. The Director indicated that he was reasonably confident that the resources identified would provide the capacity necessary to carry out new assessments;
- (xiv) Every effort was made to maximise income within the Adults and Communities Department. In doing so the Department needed to have regard to the Government guidance on Fairer Charging as well as adopting a firm but reasonable way to collect fees and charges recognising that many service users were vulnerable;

Capital Programme

- (xv) Members welcomed the Capital Programme. With regard to the investment of £200,000 per annum in mobile library services this would provide for one new mobile library per year. The Department currently operated six vehicles which carried out 340 visits per fortnight;
- (xvi) Members were advised that the County Council policy on Section 106 agreements included provision for library services to service new developments.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments made at the meeting be forwarded to the Scrutiny Commission for consideration at its meeting on 28 January 2015.

APPENDIX**Service User Charges 2011/12 – 2015/16.**

Forecast P9 Budget					
	2011/12	2012/13	2013/14	2014/15	2015/16
	£m	£m	£m	£m	£m
Residential Income	18.2	21.3	24.0	24.0	24.8
Fairer Charging Income	8.7	10.3	10.8	11.2	13.0

**CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY COMMITTEE –
19 JANUARY 2015**

MEDIUM TERM FINANCIAL STRATEGY 2015/16 – 18/19

MINUTE EXTRACT

The Committee considered a joint report of the Director of Children and Family Services and the Director of Corporate Resources on the proposed Medium Term Financial Strategy (MTFS) for the period 2015/16 to 2018/19 as it related to Children and Family Services. A copy of the report, marked “Agenda Item 8” is filed with these minutes.

The Chairman welcomed to the meeting the Cabinet Lead Member for Children and Families, Mr I. D. Ould CC, and the Cabinet Support Member, Mr. G. A. Hart CC who were attending for this item.

In response to consideration of the issues and questions from the members of the Committee, the following points were noted:

Overall Context

- (i) The Local Government Settlement had shown a reduction in central funding of 12.8%, which amounted to a reduction in County Council funding of £16 million. The Settlement was for one year and until the Corporate Spending Review was announced later in the year there remained significant uncertainty about future funding. The Settlement had presented challenging savings targets of all County Council departments;
- (ii) Central Government had not yet to provide details in regard to all elements of grant funding.
- (iii) It was noted that the increase in school funding may be a one-off and so there were concerns around Department’s budget stability in the latter years of the MTFS;
- (iv) The Council was working on the basis that it would receive grant funding to provide Universal Infant Free School Meals, however this had yet to be confirmed by Government.

Revenue Budget

General– Service Transformation, Proposed Revenue Budget and Transfers

- (v) Flexibility had been built into the MTFS to enable the Department to respond to changes in services;
- (vi) Contractual inflation was built into the Council’s procurement processes. IT services were largely provided through the Corporate Resources and Chief Executive’s Departments.

Growth

- (vii) Item G2 (Placements – Independent Fostering Agency) - The Council would continue to utilise the services of independent fostering agencies in order to be flexible and be enabled to respond quickly to demand and provide immediate placements. This was not to the detriment of the Council's own fostering recruitment drive, which aimed to increase in-house foster carers. A suggestion was made for activity in the area of foster carer recruitment be publicised to all members;
- (viii) Item G2 - The change in legislation via that meant that children could remain in foster care up to the age of 21 had been accounted for in the MTFS, though more would be known about the financial implications after the end of the first year of the MTFS;
- (ix) Item G3 (Child Sexual Exploitation) - This growth item was particularly welcomed. The County Council was working closely with Leicestershire Police in this area, and positive talks have taken place between the County Council, Rutland County Council, Leicester City Council and the Clinical Commissioning Groups in regard to their involvement in this piece of work;
- (x) Item G4 (Young Carers) - There was no additional Government grant for the duty on local authorities to assess the needs of children and young people that undertook caring responsibilities to ensure they had the same access to education, career choices and wider opportunities as other children without caring responsibilities and that their families receive the necessary support. The growth item for £100k was an estimation and this budget would be reviewed when more data was available on the financial impact of this piece of legislation;
- (xi) Items G3 and G4 - It was felt that the Committee should keep a watching brief on these growth items, with a suggestion made that update reports be submitted to the Committee in the coming months.

Savings and Service Reductions

- (xii) Items T3 (Reduced Demand arising from the Supporting Leicestershire Families (SLF) Programme) – The Council was the fourth best achiever in the number of children in its care which made it difficult to achieve savings. Further efficiencies would be drawn from a more efficient care system based around better commissioning and the driving down of costs;
- (xiii) Item T8 (Remodelling Early Help) - £890k of the savings requirement had been achieved through a remodelling of the workforce and joint working with district councils. Other options were considered around how to better align the SLF Programme to save on management costs;
- (xiv) Item D4 (Reduction in Early Learning and Childcare Service) – Some of the additional savings would be achieved through charging for the service to the Dedicated Schools Grant. This was likely to be impacted by forthcoming changes being made by Central Government to the way

in which the Dedicated School Grant was provided in the future;

- (xv) Item D6 (Educational Psychology) - The Council had a large team responsible for this function despite being required in statute to employ one officer in this area. A review had been undertaken and an action plan was being progressed to make the necessary savings. Equality Impact Assessments as part of the action plan were available. Options for further trading of this service were being assessed in the hope of increasing income.

Specific Grants

- (xvi) Information on the Asylum Seekers Grant was not yet available. The budget requirement in this area was dependant on age and the number of children supported.

Dedicated Schools Grant and School Budgets

- (xvii) Leicestershire continued to be a low funded authority. The Committee noted the work of F40 (The Campaign Group for Fairer Funding in Education) which had been seeking to engage with all political parties at a national level to address this issue.

Two Year Old Early Education/Pupil Premium/Universal Infant Free School Meals

- (xviii) The national formula for funding Two Year Old Early Education had changed. The impact of this change was potentially a reduction in funding to Leicestershire of £2.6 million;
- (xix) A national criteria was used to decide which children would receive Pupil Premium. Children had to be formally registered as being eligible in order to receive this support. Data suggested that the number of children receiving Pupil Premium had not fallen as a result of the Universal Free school Meals programme, though more work would be done to assess the impact later in the year. Clarity was expected from Government after the elections in regard to funding for Universal Infant Free School Meals beyond September 2015.

Academies

- (xx) The Education Services Grant would be reduced by Government from 2015/16. The Grant was accounted for corporately, as many Council services to support schools were now provided outside of Children and Family Services.

Capital Programme

Basic Need

- (xxi) The schemes outlined in paragraph 50 of the report were built on grant funding and were based around priority need. The five Key Priorities had been agreed by the Cabinet, though it would be necessary to be

flexible in order to respond to any changes in admissions;

- (xxii) The Council remained active in pursuing S106 funding, though the difficulties in securing the funds were noted. It was stressed that whilst Basic Need funding was apportioned based on demographic information, there remained a national issue in regard to the piecemeal development of sub-urban extensions and their impact on school places;
- (xxiii) The £12 million of funding over two years of the MTFs for Birkett House would enable the building of a state-of-the-art new school;
- (xxiv) The County Council supported age range changes where it was expected that they would improve outcomes for pupils. The views of parents and local people were welcomed in any proposals of this kind. Members wished to be kept updated on any proposed changes and further scrutiny involvement in this area was welcomed. The Director indicated that she was happy to meet with the Chairman and Spokesmen of the Committee in order to assess some lessons learnt from the process thus far;
- (xxv) The importance was stressed of retaining playing fields when school extensions were considered. It was noted that any changes to school playing fields received the consideration of Sport England;
- (xxvi) A range of options were being considered in regard to additional places in Birstall as a result of the Hallam Fields development, including the possibility of a new school.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments of the Committee be forwarded to the Scrutiny Commission for consideration at its meeting on 28 January 2015.

**ENVIRONMENT AND TRANSPORT OVERVIEW AND SCRUTINY
COMMITTEE – 22 JANUARY 2015**

MEDIUM TERM FINANCIAL STRATEGY 2015/16 – 2018/19

MINUTE EXTRACT

The Committee considered a joint report of the Director of Environment and Transport and the Director of Corporate Resources which provided information on the proposed 2015/16 to 2018/19 Medium Term Financial Strategy (MTFS) as it related to the Environment and Transport Department. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Chairman welcomed Mr P C Osborne CC, Cabinet Lead Member for Highways and Transport, Mr B L Pain CC, Cabinet Lead Member for Waste Management, and Mrs P Posnett CC, Cabinet Lead Member for Environmental Matters to the meeting for this item.

In introducing the report, the Director of Environment and Transport and Cabinet Lead Members advised the Committee that the Department's budget over the next four years would reduce from £75 million to £56 million. In seeking to address this, the Department had looked carefully at its operation with the view to generating efficiency savings, thereby reducing the impact on services. Given the scale of the savings required, this has not been possible and some reduction in services was necessary;

Arising from discussion the following points were raised:-

Growth

- (i) Item G13 – Special Educational Needs transport client numbers and costs – The Committee was advised that the increase in cost was largely attributable to young people with more complex and challenging needs using the service. A review was currently under way to get a better understanding of those needs and the cost pressures;
- (ii) Item G14 – Landfill Tax – annual increase linked to RPI - The impact of Landfill Tax on the County Council's budget was noted and members urged that efforts should continue to ensure that the Government was made aware of its impact;
- (iii) Item G15 – Recycling and Reuse credits – The Director undertook to provide a breakdown of waste by district (*copy attached as an appendix to this minute*). He advised that although the level of recycling in Leicestershire was higher than elsewhere, tonnage of waste per household going to landfill was also higher. Work was under way to understand the reasons for this;

Savings – Highways and Transport

- (iv) Item D41 – Managing demand within transport services – The savings were accruing as a result of lower usage by concessionary pass holders and a small drop in demand for school transport;
- (v) Item D43 – Revised target operating models to align the Department with emerging commissioning – The Director advised that, given the significant reduction in the budget for the Department, there would be a need to undertake a review of management arrangements to deliver savings. Discussions were due to be held with the relevant trade unions and the staff concerned and he was unable to provide detail at this point;
- (vi) Item D49 – Home to school transport – The Director advised that those on low income would still be entitled to a reduction in the charges levied;
- (vii) Item E41 – Revised commissioning strategy for Road Safety, Cycle Training and School Crossing Patrols – The Director advised that the proposals for school crossing patrols would not come into effect until 2018/19. Work would commence on obtaining usage data and to identify whether there were physical measures nearby or that could be put in place. A risk assessment of any proposal to remove crossing patrols would also be carried out. The Department would also look to work in partnership with schools to ensure that pupils arrived safely at school. Other options to be considered would include sponsorship;
- (viii) Item E42 – Review of Highway Authority planning processes – The Director advised that, subject to some further work on the current review being undertaken, he would seek to deliver this saving as soon as was practical;
- (ix) Item E43 – Public Bus Services – The current level of subsidy for the supported bus network was approximately £3.1 million per annum. This would reduce by £2 million per annum. A further review would need to be undertaken of the Council's policy. It was likely that scheduled bus services would be replaced by demand-responsive transport;
- (x) Item 44 – County-wide parking strategy – The current charge for residential parking was £40 per annum. This rate would be reviewed, as would the feasibility of extending charging for on-street parking;

Savings – Environment

- (xi) T6 – Revised payment mechanism on recycling credits – The Director advised that this related to discussions that had already taken place with district councils regarding using County Council facilities for green waste. In relation to the impact of any charge that district or borough

councils might introduce, the Director indicated that there was no evidence to suggest that the introduction of such charges would adversely affect recycling rates;

- (xii) T6 - Review of Recycling and Household Waste Site (RHWS) provision – With regard to the issue of fly tipping resulting from a reduction in opening times at RHWS's, the Director advised that the County Council would work closely with the district councils as they had statutory responsibility for dealing with fly tipping. The Director would monitor the impact of the reduction of opening times on fly tipping and how best this could be mitigated through a whole systems approach;
- (xiii) E46 – RHWS – reduce provision to minimal levels – The Director and Cabinet Lead Member advised that the County Council provided a service well in excess of the statutory requirement. There were no plans to close any of the RHWS's but rather further review operations to achieve the £500,000 reduction in costs;
- (xiv) E48 – County-wide food waste collection and treatment scheme – The cost to the County Council of one tonne of residual waste was £100 as compared to £23 for dealing with food waste. The feasibility study referred to in the report would seek to identify whether it was possible to introduce a food waste collection system which would cost less than £60 per tonne;
- (xv) E49 – Increase reuse at RHWS – Members welcomed the initiative to increase reuse at RHWS's which would not only generate a saving but would also provide opportunities for some job creation;

Capital Programme

- (xvi) The Director advised the Committee that, whilst the Capital Programme for the coming year was significant, there was a substantial reduction towards the later period of the four-year MTFS. This coupled with the reduction in the funding for improvement schemes, down from £4.2 million to £2.7 million, was concerning. He advised the Committee that the Government had changed its approach to capital funding and there were opportunities for local authorities to justify further capital allocation under the Incentive Fund and to bid for the Challenge Fund. The Department would explore the feasibility of so doing;
- (xvii) The Cabinet Lead Member drew attention to the funding available from the Single Local Growth Fund and the five strategic schemes to be delivered, as set out in paragraph 22 of the report;
- (xviii) With regard to street lighting, the Finance Business Partner for Environment and Transport advised that the business case was subject

to change following a procurement exercise. However, it was currently anticipated that the majority, £22.5 million of £25 million, would come from capital receipts and capital reserves, with £2.5 million being top-sliced from the Local Transport Plan settlement;

- (xix) With regard to road markings members were advised that this was dealt with through the highway maintenance revenue budget rather than the Capital Programme.

RESOLVED:

- (a) That the report and information provided be noted;
- (b) That the proposed Capital Programme be welcomed;
- (c) That the comments made at the meeting be forwarded to the Scrutiny Commission for consideration at its meeting on 28 January 2015.

Total Household Waste Collected and Recycled by District

2014/15	Total household waste sent for Recycling, Composting or Reuse (tonnes)	Total household waste collected (tonnes)
Blaby District Council	18,201.04	35,994.96
Charnwood Borough Council	29,364.13	59,781.13
Harborough District Council	20,520.04	35,839.24
Hinckley and Bosworth Borough Council	24,522.08	43,730.86
Melton Borough Council	9,309.33	19,968.65
North West Leicestershire District Council	18,581.71	40,079.81
Oadby and Wigston Borough Council	8,231.38	16,364.74

HEALTH OVERVIEW AND SCRUTINY COMMITTEE – 21 JANUARY 2015

MEDIUM TERM FINANCIAL STRATEGY 2015/16 – 2018/19

MINUTE EXTRACT

The Committee considered a report of the Director of Public Health and Director of Corporate Resources which provided information on the proposed 2015/16 to 2018/19 Medium Term Financial Strategy (MTFS) as it related to the Public Health Department. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Chairman welcomed Mr E F White CC, Cabinet Lead Member for Health, to the meeting for this item.

In introducing the report, the Director of Public Health and Cabinet Lead Member confirmed that the Department would be funded from the ring fenced Department of Health Grant for 2015/16. It was intended to create 'headroom' in the Department's budget to enable the Public Health Department to support other County Council preventative services.

The Cabinet Lead Member emphasised the important role of the Public Health Department in ensuring that prevention and other public health matters were considered when decisions were being taken across Council services. He felt that the Public Health Department had had a positive impact on decisions taken by other departments.

Arising from discussion the following points were raised:-

Revenue Budget

- (i) The ring fenced public health grant could be spent on statutory services such as health checks, non-mandatory services such as physical activity and smoking cessation and other areas of health improvement.
- (ii) Clarification was sought regarding the role of the Public Health Department in funding minor ailment schemes, such as the one launched by West Leicestershire Clinical Commissioning Group earlier in the week. The Director confirmed that one of the roles of the Public Health Department was to give advice about health improvement to vulnerable people. Although the Public Health Grant would not be used to fund services such as the minor ailment service, the Director would welcome the opportunity to provide a joined up service with the Clinical Commissioning Group.
- (iii) It was noted that there was significant interest nationally in how the public health grant was spent. It would be important to ensure that the funding was spent on health improvement and that the County Council had a robust case for funding decisions.

Savings

- (iv) The Public Health Department would continue to identify efficiency savings when recommissioning services. There would be opportunities for service redesign in the areas of substance misuse, smoking cessation and sexual health during the next two years. The Committee was pleased to note that the Department had a history of good financial management, for example £1million of efficiency savings had been made through the recommissioning of contacts including the school nursing contract.
- (v) It was acknowledged that there was potentially some overlap between the roles of the Public Health Department and Public Health England. However, there was a good relationship between the two organisations and the support in terms of evidence bases and regional events was welcomed by the Public Health Department.
- (vi) The Committee was pleased to note the Department's intention to secure efficiencies through partnership working.

Specific Grants and Contributions

- (vii) An addition to the public health grant was anticipated on 1 October 2014 when the Public Health Department took on responsibility for commissioning health visiting services for 0 – 5 year olds. It was acknowledged that there was some risk to the funding for this service from 2016/17 as the Department of Health was likely to use a needs based solution to fund the service. It was not clear what the implications of this change in the way that funding was allocated would mean for Leicestershire.
- (viii) The Committee was assured that the Department had not yet encountered significant problems through the transfer of commissioning responsibility. It was felt that this was because, during recommissioning, risks such as the stability of the service were addressed through the options appraisal. The majority of services were still delivered by an NHS provider which reduced risks around stability and staffing significantly.
- (ix) It was hoped that the Health Visiting Service could be redesigned to ensure a family centred approach which was aligned with services provided by Children and Family Services. The Committee welcomed the holistic approach that was being proposed for the redesign of this service.
- (x) It was clarified that the funding for Leicester-Shire and Rutland Sport comprised £660,000 from the public health grant and £964,000 from Sport England.

RESOLVED:

- (a) That the proposed 2015/16 to 2018/19 Medium Term Financial Strategy as it relates to the Public Health Department be noted;
- (b) That the comments made at this meeting be forwarded to the Scrutiny Commission for consideration at its meeting on 28 January 2015.

SCRUTINY COMMISSION – 28 JANUARY 2015**MEDIUM TERM FINANCIAL STRATEGY 2015/16 – 2018/19****MINUTE EXTRACT****Medium Term Financial Strategy 2015/16 - 2018/19 - Context Setting and Overall Position.**

The Commission considered an update from the Director of Corporate Resources concerning the financial context and overall position of the County Council in respect of the Medium Term Financial Strategy (MTFS) 2015/16 – 2018/19 which was set out in the following documents before the Committee:

- The MTFS report considered by the Cabinet on 11 December 2014;
- The MTFS report considered by the Cabinet on 14 January 2015;
- The County Council's response to the Local Government Settlement;
- 'Leicestershire's Future' – Consultation on the draft Financial Plan 2015-19;
- A briefing note setting out changes to the MTFS approved by the Cabinet for consultation on 11 December.

The Chairman welcomed to the meeting Mr. N. J. Rushton CC, Leader of the County Council and Mr. J. B. Rhodes CC, Deputy Leader of the County Council to the meeting.

The Chief Financial Officer, the Leader and the Deputy Leader all spoke. The Chief Financial Officer provided a brief explanation of the changes to the MTFS since December 2014 and the overall impact on the four year MTFS. He then went on to highlight the following issues:-

- The current Local Government Settlement was to 2015/16 and recognising that there was a General Election due to be held in May 2015, the MTFS would need to be revisited when local government settlements beyond 2015/16 were known. In this regard there was the risk that an incoming Government could require the front loading of savings;
- Whilst there was £28million growth provision for service pressures in the budget members were advised that there remained in place significant cost and demand risks relating to:
 - the Government fully funding of the Care Act proposals;
 - the impact on social care budgets of the early discharge of patients from hospital settings. In this regard it was reported that the County Council had received a grant of £520,000 to address the pressures on acute hospital caused by delayed discharges, but the grant had to be spent by 31st March 2015;
 - the pressure nationally to increase the level of the minimum wage which in turn would be reflected in higher commissioning costs particularly in relation to care services.

The Leader and the Deputy Leader then advised the Commission on the Fairer Funding Campaign and the implications for the County Council as follows:-

- The County Council had made strong representations to the Government about the historic low level of funding for the County Council and the Leader would put this case again to Rt Hon Eric Pickles MP, Secretary of State for Communities and Local Government when he visited Leicestershire the following day The Leader indicated that he had prepared a letter to pass on to the Secretary of State. He indicated that he hoped for a response to the letter before the Council's budget meeting;
- The funding position was set out in the Annexe to the County Council's response to the Local Government Settlement. The implications of not obtaining a fair settlement would mean the County Council having to make some unpalatable savings and consider structural change, as set out in paragraph 14 of the Annexe;
- With regard to the potential solutions to the fair funding issue set out in paragraph 21 of the Annexe, members were advised that a Fairer Government Funding and a fairer distribution of Business Rates and possibly localisation of business rates would make a very significant difference. The other solutions listed were to demonstrate that the County Council had explored other options but recognised that these would create local difficulties.

In response to questions the Commission was advised as follows:-

- The Administration recognised that the Fairer Funding campaign would not yield immediate results but it was hoped that some progress could be made before 2016;
- Given the current position the Leader advised that even if there was no cap he would not presently recommend a Council tax increase of more than 1.99%;
- The Administration welcomed the support given by the other parties to the broad approach taken to address the challenges facing the Council.

RESOLVED:

That the update of the Chief Financial Officer and the Leader and the Deputy Leader be noted and that the comments made at this meeting be forwarded to the Cabinet for consideration at its meeting on 6 February 2014.

Medium Term Financial Strategy 2015/16 - 2018/19 - Corporate Resources and Corporate Items.

The Commission considered a report of the Director of Corporate Resources concerning the proposed Medium Term Financial Strategy 2015/16 to 2018/19 as it related to the Corporate Resources Department. A copy of the report, marked "Agenda Item 9", is filed with these minutes.

Introduction

The Director of Corporate Resources advised that the overall savings requirement for his Department was £10.5 million. He also made the following points:

- Though he felt the savings target was achievable, it would prove difficult to maintain the provision of support services internally to the County Council at their current levels;
- Much of the savings requirement would be achieved through the Transformation Programme and gaining additional income through the trading of support services externally to other authorities and schools. Though traded activity represented a significant opportunity for the Authority, the loss of business to other service providers had to be recognised as a risk factor.

Arising from the discussion, the following points were noted:

T24 – Review of People, Procurement and Transformation; £365,000 in 2015/16 rising to £875,000 by 2018/19

- Transformation of the way in which the Authority carried out its commissioning and procurement would harness some savings, as well as through a review and a reduction of senior and middle management posts. There would be staff savings in other parts of the budget, but at this stage it was too early to assess the level of job losses;

T24 – Operational ICT Review; £480,000 in 2015/16 rising to £2,140,000 by 2018/19

- It was hoped that significant upfront investment in IT infrastructure projects, such as cloud-based technologies, would harness efficiency savings in the latter years of the MTFs. The possibility of IT services being provided to the Council by external suppliers was being investigated. Data protection would be paramount if this were to be pursued. The Director welcomed the views of members in the way in which IT infrastructure would be deployed in the future;

TBC Improvements to properties and Assets; £200,000 in 2015/16 rising to £760,000 by 2018/19

- The County Hall Master Plan project aimed to implement new ways of occupying the existing County Hall campus in order to reduce property

running costs and increase space available for rental to external parties. An “out of hours” facility would enable Council staff to carry out their role at smaller buildings, thus achieving an energy saving through the closure of the main buildings;

- Beaumanor Hall would remain a focus through which the Council aimed to increase income via activities such as weddings and civil partnerships. It should also be recognised that a range of activities, particularly relating to schools, were undertaken at Beaumanor Hall. The Council was working with the City Mayor to regenerate the area of the City around a Council property known as Castle House. The County Council owned Castle House, which was used amongst other things as the Judge’s Lodgings. Whilst the County Council was supportive of the proposed plans for the area, it had not made a financial commitment at this stage;

D81 – Improved performance and growth of trading services; £735,000 in 2015/16 rising to £1,150,000 by 2018/19

- There were concerns around the sustainability of Government funding for Universal Free Infant School Meals post-election. A loss in this funding would have a detrimental impact on the earnings of the School Food Service and this was acknowledged as a significant risk going forward.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments made at this meeting be forwarded to the Cabinet for consideration at its meeting on 6 February 2014.

Medium Term Financial Strategy 2015/16 - 2018/19 - Chief Executive's Department.

The Commission considered a report of the Chief Executive and Director of Corporate Resources concerning the proposed Medium Term Financial Strategy (MTFS) 2015/16 – 2018/19 as relating to the Chief Executive’s Department. A copy of the report, marked “Agenda Item 10”, is filed with these minutes.

In response to questions, members were advised as follows:

Growth

G18 – No new additional money had been made available for local welfare assistance. The Government announced through the provisional Local Government Financial Settlement an indicative sum but this was in effect a re-labelling of existing funds which were previously received through the Revenue Support Grant.

Savings

D68 – Review Planning, Historic and Natural Environment Services

The County Council had been recording and maintaining historic and environmental records for a number of years. These records were necessary when dealing with planning matters. The County Council was keen to continue to maintain these records, but continued to move to a self-funded service. This requires other users (principally district councils) to make a contribution to the cost and progress was being made with a majority of district councils. The County Council would continue to look for appropriate opportunities to make charges to developers for services provided to them. The County Solicitor undertook to provide members with a briefing note on the arrangements for the service to generate income.

D70 – ‘Tell us Once’ Service and Registration Service

Discussions were on-going with those organisations who benefit from the ‘Tell us Once Service’ to seek a contribution towards the cost to the County Council of maintaining the service as it has been well received by the public and generates a saving to those organisations who require the information.

With regard to the Registration Service good progress had been made in promoting Leicestershire venues as places to get married. This not only delivered an income to the Registration Service but was beneficial to the wider economy. The new facility at Anstey Frith (the former Fire HQ) would enable an enhanced service to be provided.

D70 – Trading Standards reduced enforcement, inspection and testing activity

In identifying the areas where savings were to be realised, the Department was mindful of the need to ensure that services which directly focused on public protection matters were not adversely affected and an assurance was given that the Service would continue to meet the required regulations and guidance.

Given the savings requirements, work was in hand to explore opportunities of joint working with other Councils. The outcome of this would be reported to the respective authorities in June with a view to seeking a way forward for implementation in April 2016. Such joint working arrangements would reduce costs and maintain key services.

E63 - Stop Funding for economic development activity

The proposed savings were as a result of increasing amounts of funding being channelled through the LLEP. The timing of the saving was linked to contracts that are due to be reviewed in 2016 and consideration would be given to whether these savings could be delivered before 2018.

Capital Programme

With regard to the County Council investment of £1.5million in the Loughborough University Science and Enterprise Park, £0.5million had been used to lever in central government, district council and university funding. The investment options in relation to the remaining £1million were currently under discussion with the University.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments made at this meeting be forwarded to the Cabinet for consideration at its meeting on 6 February 2014.

Consideration of responses from Overview and Scrutiny Committees.

The Commission considered a supplementary report setting out the responses to their respective areas of the Medium Term Financial Strategy (MTFS) of the Adults and Communities, Children and Families, Environment and Transport and Health Overview and Scrutiny Committees, together with any further information requested in relation to the MTFS. A copy of the supplementary report is filed with these minutes.

RESOLVED:

- (a) That the supplementary report be noted;
- (b) That the comments made at this meeting be forwarded to the Cabinet for consideration at its meeting on 6 February 2014.