

SCRUTINY COMMISSION - 27 JANUARY 2016

MEDIUM TERM FINANCIAL STRATEGY 2016/17 – 2019/20 **CHIEF EXECUTIVE'S DEPARTMENT**

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

Purpose of Report

1. The purpose of this report is to:
 - a) provide information on the proposed 2016/17 to 2019/20 Medium Term Financial Strategy (MTFS) as it relates to the Chief Executive's Department; and
 - b) ask the Commission to consider any issues as part of the consultation process and any response it may wish to make.

Policy Framework and Previous Decisions

2. The County Council agreed the current MTFS in February 2015. This has been the subject of a comprehensive review and revision following announcements made in the Spending Review/Autumn Statement 2015 and the provisional Local Government Settlement. The draft MTFS for 2016/17 – 2019/20 was considered by the Cabinet on 12 January 2016.

Background

3. Reports such as this are being presented to the relevant Overview and Scrutiny Committees. The views of Overview and Scrutiny Committees will be reported to this meeting (as covered under item 11 on the agenda). The Cabinet will consider the results of the scrutiny process on 5 February 2016 before recommending an MTFS including a budget and capital programme for 2016/17 to the County Council on the 17 February 2016.

Financial Strategy

4. The MTFS is set out in the report to the meeting of the Cabinet on 12 January, a copy of which has been circulated to all members of the County Council. This report highlights the implications for the Chief Executive's Department.

Service Transformation

5. As outlined in the report to the meeting of the Cabinet on 12 January 2016, the County Council needs to address significant financial challenges linked to the Government's latest Spending review and Autumn Statement.

6. The functions delivered by the Chief Executive's Department play critical roles in supporting transformation and are being reviewed in the context provided by the strategies and priorities referred to in this paragraph. The Department takes the corporate lead on delivering the Communities Strategy, including support for service devolution, community engagement and community capacity building, and in providing business intelligence to support effective commissioning and service delivery. The Department also leads the Council's work to support economic growth, working closely with the Leicester & Leicestershire Economic Partnership (LLEP) and other partners to secure and deploy funding. In terms of business intelligence a new target operating model is being implemented as part of the transformation programme. The principles adopted in those Plans and Strategies were applied in carrying out further service reviews.
7. Work with potential partners was being undertaken for shared services for Trading Standards and Coronial Services. During the course of these reviews both were found to not be viable. The Trading Standards shared services will not be further pursued at this time; Coronial Services have begun alternative work. The achievement of related savings in the current MTFS for Trading Standards (£0.2m) and Coronial Services (£0.1m) as a result of these changes is challenging. Alternative savings have been identified in the draft MTFS 2016/17 – 2019/20 and detailed in this report.
8. The Department continues to lead on work to establish a combined authority for Leicester and Leicestershire working jointly with the City Council and District Councils and the LLEP. The combined authority would guide decisions on transport, planning, skills and other key issues affecting the area. The Government are considering proposals that were submitted in December 2015.

Proposed Revenue Budget

9. The table below summarises the proposed 2016/17 revenue budget and provisional budgets for the next three years. The proposed 2016/17 revenue budget is shown in detail in Appendix A.

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Updated original budget	9,873	9,676	9,231	8,686
Budget Transfers and Adjustments	453	0	0	0
Sub Total	10,326	9,676	9,231	8,686
Add proposed growth (Appendix B)	400	-120	100	0
Less proposed savings (Appendix B)	-1,050	-325	-645	0
Proposed/Provisional budget (Appendix A)	9,676	9,231	8,686	8,686

10. Detailed budgets for 2016/17 have been compiled on the basis of no pay or price inflation, a central contingency will be held which will be allocated to services as necessary.
11. The central contingency also includes provision for an increase in the employers' contribution to the Local Government Pension Scheme in 2016/17 and the following three years based upon the triennial actuarial revaluation of the pension fund.

12. The proposed net budget for 2016/17 totals £9.7m is set out below:

	£000
Employees	9,699
Running Costs	4,879
Internal Income	-2,041
Gross Budget	12,537
External Income	-2,861
Net Budget	9,676

13. Growth and Savings have been categorised in the appendices under the following classification;

* item unchanged from previous MTFS

** item included in the previous MTFS, but amendments have been made

No stars - new item

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

Growth

15. Details of proposed growth are set out in Appendix B a total of £0.4m over the next four years. These are detailed in the following paragraphs.

16. * G19 Signposting and Community Support Service; £100,000 in 2018/19

In 2015/16 the funding received for Local Welfare Provision (LWP) grant was discontinued. This funding was used to support some of the most vulnerable residents in Leicestershire. From 2015/16 the replacement Signposting and Community Support Service was initiated. The replacement service aims to ensure that despite the removal of direct awards, this group of residents will still be supported to access assistance. The majority of the growth will be used to fund increased advice and information services at the Council to direct service users to other agencies' provision. For 2015/16 to 2018/19 the service will be funded using underspend in previous years from the now discontinued LWP grant.

17. G20 Legal Services Growth-increased Family Justice, Court of Protection and School Appeal Casework ; £140,000 in 2016/17

Additional funding required to provide increased capacity to meet rising casework relating to family justice reform, court of protection cases and school appeals. Also includes an element for specialist resource to increase the Council's debt collection levels.

18. G21 Business Intelligence Service; £85,000 in 2016/17

Through the review of Business Intelligence it became apparent that the delivery of effective business intelligence to support transformation and effective commissioning required dedicated senior leadership. This has led to the creation of the Head of Business Intelligence post which will be funded with this growth.

19. G22 Business Intelligence Service (One Off Growth); £120,000 in 2016/17 only

One-off growth required to purchase 500 licenses for software to allow managers within the Council to access self-service analysis on their desktop. This will support the

delivery of the Data and Business Intelligence Strategy; improve the quality and timeliness of strategic and operational data available to managers. This investment should assist in delivering savings.

20. G23 Strategic Planning Service Growth: £55,000 in 2016/17

Funding required to ensure that the Council can contribute effectively to the development of a long term Strategic Growth Plan, for Leicester and Leicestershire, which will set a context for Local Plans and future economic and infrastructure investment. This is being delivered through a dedicated County Council post and a contribution to a partnership funded post based at North West Leicestershire District Council.

Savings

21. Details of proposed savings are set out in Appendix B and total £2.0m. These are detailed in the following paragraphs.

Transformation Savings

22. * CE1 Funding and support to agencies; £150,000 in 2016/17 rising to £170,000 by 2018/19.

Following a review and public consultation of the funding and support provided to agencies that provide help to individuals and voluntary agencies in Leicestershire from the Department, savings proposals were approved for implementation at the Cabinet meeting in September 2014. The total saving secured was £596,000. The future reductions relate to funding for Voluntary Action LeicesterShire (£150,000) and the remaining £20,000 from reduced funding for partnership support.

Departmental Savings

23. ** CE2 Review of Management Structure/Vacancy Control; £50,000 in 2016/17 rising to £70,000 in 2017/18.

A review of management structures across the Department will deliver the majority of this saving (£50,000) and the remaining saving will be found from vacancy control (£20,000).

24. ** CE3 Democratic Services, Administration and Civic support review; £50,000 in 2016/17 rising to £170,000 by 2018/19.

This will be achieved by reductions to the members' expenses budgets (£25,000) and members' pension contributions (£75,000) to reflect the latest level of expenditure. Savings related to a reduction in the level of civic hospitality and support (£50,000) and in Administration running costs for the department (£20,000).

25. ** CE4 Legal Services review; £35,000 in 2016/17 rising to £115,000 by 2018/19.

Staff related savings will make up the majority of the reduction. A review of the management structure in the first few months of 2015/16 delivered a £35,000 saving early; a future review and consolidation of the wider team will deliver the remaining saving (£80,000).

26. ** CE5 Registration Service - Review and Increased Income; £110,000 in 2016/17 rising to £140,000 in 2017/18.
The Registration service's contribution is mainly attributable to additional income, through further development of complementary customer services, price increases and development of service delivered at Anstey Frith House.
27. ** CE6 Review of Strategy, Partnerships & Communities Service; £275,000 in 2016/17.
The savings for the service relate to staff budgets. Reviews took place in 2015/16 and will be implemented fully by the beginning of 2016/17. The implementation of a new target operating model for policy, economic and communities and business intelligence will achieve this efficiency saving.
28. ** CE7 Reduced staffing for a range of partnership and community support activity; £275,000 in 2016/17.
The review referenced above (CE6) also delivered staffing savings associated with reduced support for partnership work and reduced funding for agencies, grants and economic development.
29. * CE8 Review Planning, Historic and Natural Environmental Services; £35,000 in 2016/17 rising to £100,000 by 2018/19.
The savings will relate to a combination of staff and associated expenditure budgets and increased income. Reviews will be undertaken to identify how best the savings can be made including the risk associated with increasing income in the context of the state of the local economy.
30. ** CE9 Registration opening hours and "tell us once" service; £60,000 in 2017/18.
The first part of the proposal is to make "tell us once" a telephone only service, by removing the face to face option provided via the Registration service (£20,000). It is also proposed to implement a reduction in opening hours in 2017/18 (£40,000).
31. ** CE10 Trading Standards reduced management and operational costs; £65,000 in 2016/17
The savings in 2016/17 will be found through reductions in management and other operational costs.
32. ** CE11 Contingency/Savings; £45,000 contingency in 2016/17 changing to a £60,000 savings requirement by 2018/19.
- A shortfall in savings from 2018/19 has resulted from the Council's failure to be able to pursue shared services with other authorities. This shortfall has been offset in part by alternative savings which can be achieved earlier than the original plan. This means that in the short term, in 2016/17 and 2017/18, there is contingency funding available to potentially support the identification and delivery of plans to fill the remaining savings gap.
33. CE12 Cessation of Community Centre funding; £40,000 in 2016/17 rising to £60,000 by 2018/19
Cessation of funding provided to Kegworth Community Centre (£30,000), capital funding has been provided to ensure that community provision is sustainable following this reduction. Thringstone Community Centre (£30,000) on-going work with the management committee is aimed at helping them become self-funded prior to the removal of this funding.

Emerging Savings

34. ** CE13 Trading Standards – Service Review and Joint Working; £10,000 in 2016/17 rising to £90,000 by 2018/19
Whilst the Council was unable to pursue a full shared service, during the course of the review, lessons about sharing back office operations were learnt. Along with increased income from other agencies and reductions in customer facing services, £80,000 of the saving requirement will be achieved. Other savings relate to further reviews of management and operational costs (£10,000).
35. * CE14 Reduction in the value of Participatory /Community Grants awarded; £70,000 in 2018/19
This reduction is a savings made to monies provided for organisations/community groups to apply for grants to support community-based projects. The remaining Shire Grants fund will be £350,000, including the capital expenditure budget.
36. ** CE15 Stop providing funding for economic development activity to external agencies; £50,000 in 2017/18 rising to £300,000 in 2018/19
This proposal is for the cessation of three funding arrangements relating to economic development. This covers support for rural housing/economic initiatives (£70,000), tourism support services (£175,000) and the grant to the LLEP (£55,000).

With increasing amounts of funding being channelled through Local Enterprise Partnerships (including funding previously provided to local authorities) it is considered no longer necessary for the LLEP to receive local authority grants. The LLEP will also be able to consider the priority to be given to funding tourism support services in the context of other economic priorities, and measures to increase private sector funding of tourism support services can also be explored. The removal of the budget to support rural housing/economic initiatives will mean that the Leicestershire Rural Partnership will be reliant on securing external funding (£50,000 has been accelerated into 2017/18).

Other Funding

37. The Police and Crime Panel Grant (£55,000) provides funding towards the administration and member expenses for the panel locally. The level of funding for 2016/17, from the Home Office, is still to be confirmed.
38. The Local Reform and Community Voices Grant (£0.3m) provides funding to support the local Healthwatch and Independent Complaints Advocacy services. Local Healthwatch is the consumer champion for patients and the public in health and social care. The Independent Complaints Advocacy Service provides complaints advocacy support to people who wish to make a complaint about the service that they have received from the NHS. The level of funding for 2016/17, from the Department of Health, is still to be confirmed.

39. The table shows the specific grants expected to be received in 2016/17.

	2016/17 £000
Police and Crime Panel Grant (Home Office)	*55
Local Reform and Community Voices Grant (Department of Health)	*276
TOTAL	329

*amounts to be confirmed by the awarding organisations

Capital Programme

40. The draft Capital Programme is summarised in the following table. The programme is funded from a combination of County Council resources and specific grants from external organisations.

Project	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Total £000
Rural Broadband Scheme - Phase 1	545				545
Rural Broadband Scheme - Phase 2	4,030	3,370			7,400
Shire Community Solutions Grants	100	100	100	100	400
Total	4,675	3,470	100	100	8,345

41. The Rural Broadband scheme – Phase 1 (also known as the Superfast Leicestershire Programme) will roll out superfast broadband to homes and businesses in the County so that access to high-speed fibre broadband will increase from 75% to 96% of Leicestershire premises and is forecast to be completed by the end of March 2016. This will be achieved through a contract with BT Group plc (BT).
42. The Rural Broadband scheme – Phase 2 (also known as the Superfast Extension Programme) will deploy additional funding to extend further the provision of superfast broadband. The Department for Culture, Media and Sport (DCMS) has made an initial £3.45m allocation that is being matched locally with a combination of County Council (£1.45m) and LLEP funding (£2.05m). Additional district council and DCMS funding totalling up to £3.0m could further increase coverage if secured. BT will also be the supplier for this contract.
43. Shire Community Solutions Grant - This scheme of grants aimed at community and voluntary sector groups is targeted for supporting vulnerable and disadvantaged people and communities. These grants play a key role in delivering the Council's Community Strategy.
44. Future Developments – proposals for developing Registration Services in Hinckley and Wigston will be submitted for consideration of inclusion into the capital programme. Each proposal will be subject to approval of their business case.

Background Papers

Cabinet 12 January 2016 – Provisional Medium Term Financial Strategy 2016/17 to 2019/20

Circulation under Local Issues Alert Procedure

None.

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Appendices

Appendix A – Revenue Budget 2016/17

Appendix B – Growth & Savings 2016/17 – 2019/20

Equality and Human Rights Implications

45. Public authorities are required by law to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation;
- Advance equality of opportunity between people who share protected characteristics and those who do not; and
- Foster good relations between people who share protected characteristics and those who do not.

46. Many aspects of the County Council's MTFs may impact upon service users who have a protected characteristic under equalities legislation. An assessment of the impact of the proposals on the protected groups must be undertaken at a formative stage prior to any final decisions being made. Assessments are being undertaken in light of the potential impact of proposals and the timing of the proposed changes. Those assessments will be revised as the proposals are developed.

47. Proposals in relation to savings arising out of a reduction in posts will be subject to the County Council Organisational Change policy which requires an Equality and Human Rights Impact Assessment to be undertaken as part of the Action Plan.