



## Environment & Transport Interim Commissioning Strategy

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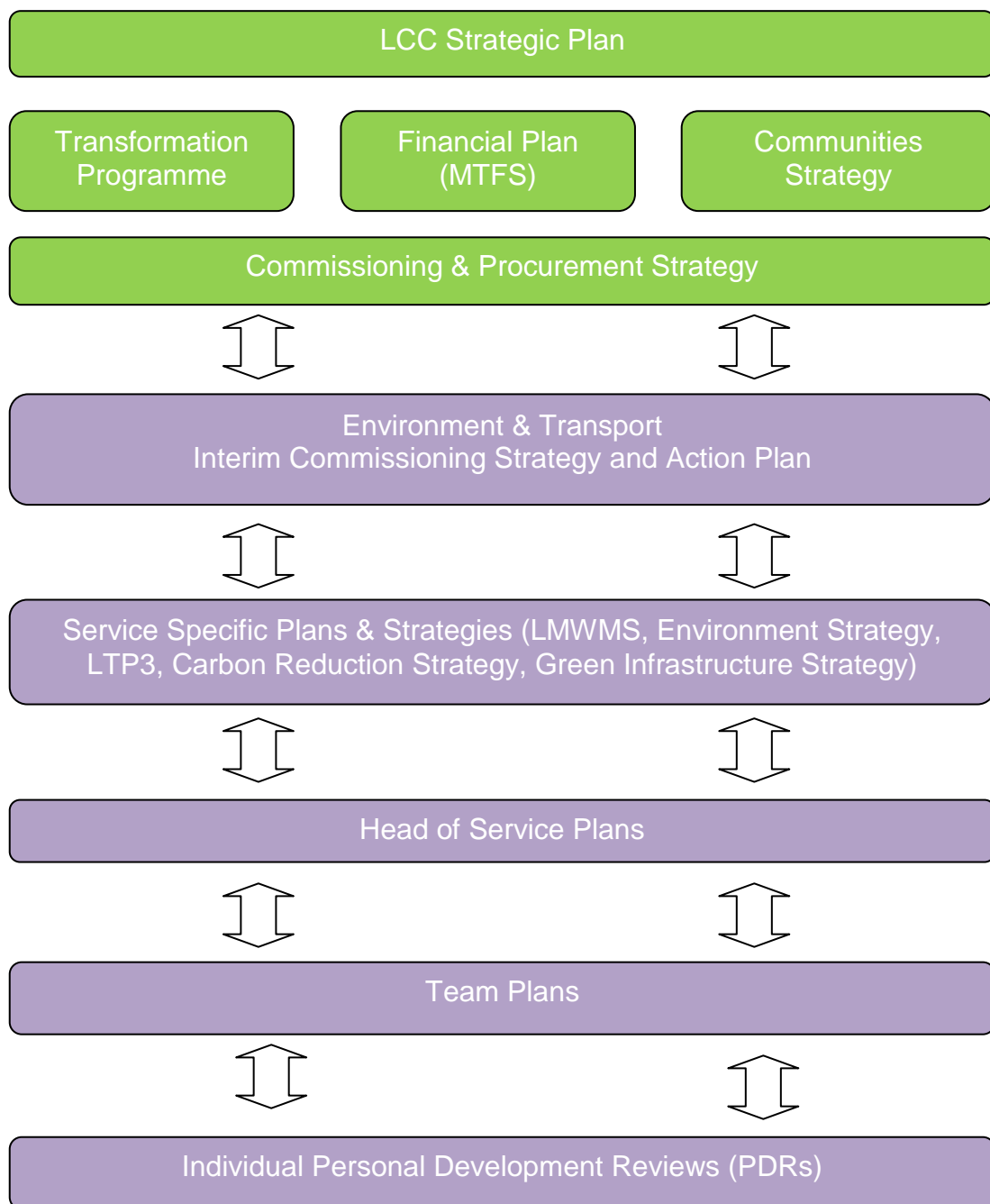
## 1. Introduction

- 1.1 The County Council is facing significant challenges, including demographic, service demand and financial. The latest 2016/17-2019/20 Medium Term Financial Strategy (MTFS) is the most challenging since the County Council was established over 40 years ago. To help meet these challenges it is vital that effective commissioning, procurement, performance and contract management continues to be developed and introduced.
- 1.2 In order to ensure that a robust and consistent approach is adopted for commissioning activity across the County Council a corporate Commissioning and Procurement Strategy was introduced during 2014/15.
- 1.3 In turn, each of the Council's departments is introducing a departmental Commissioning Strategy. These departmental strategies set out how resources will be used to deliver services to residents of Leicestershire in the most effective way.
- 1.4 As a department, Environment & Transport (E&T) recognise that there is a significant amount of work required to develop a departmental Commissioning Strategy. This work includes assessment of a wide range of services that impact both directly and indirectly on peoples' everyday lives. It is therefore important that decisions are based on evidence, that services are delivered in the best way, that the impacts and implications of decisions are understood and that services remain fit-for-purpose going forward.
- 1.5 We are therefore publishing this Interim Commissioning Strategy (ICS), which explains the current situation and sets out what we will be doing going forward in order to develop our Strategy.
- 1.6 The key areas of work which will be progressed over the next two years in order to develop our Commissioning Strategy include:
  - a review of current E&T strategic documents and drivers (from which our current outcomes are derived), to ensure that they remain aligned with corporate plans and strategies
  - a review of the impact that the significant challenges of changing demographics, service demand and funding will have on our services
  - an assessment of what can, and can't, be implemented in future (assessing whether we will be able to deliver the same types and levels of services in the future and how services will be delivered)
  - gathering further evidence to inform our decisions
  - ensuring that the E&T Commissioning Strategy fits with the County Council's commissioning principles

- 1.7 The E&T Interim Commissioning Strategy Action Plan, appended to this strategy, (see Appendix A) replaces our Local Transport Plan 3 Implementation Plan and our Environment Branch Service Plan. This action plan details the key service delivery actions as well as the actions we will be taking to develop our commissioning strategy.

## 2. Planning Structure

- 2.1 The diagram below shows how the corporate Commissioning and Procurement Strategy supports delivery of the Leicestershire County Council Strategic Plan and other corporate strategies and plans (including the Transformation Programme, the Financial Plan and the Communities Strategy). It also shows the relationship with the E&T Interim Commissioning Strategy and Action Plan and how these are supported by Departmental Head of Service and Team Plans.



2.2 As well as the high level corporate plans and strategies there are a number of service specific plans and strategies that direct priorities and activities. These are listed below:

- Environment Strategy and Action Plan (2011 – 2021) – sets out how we will reduce the environmental impacts of Leicestershire County Council in delivering its services
- Carbon Reduction Strategy (2013 – 2020) – sets out the priority areas and strategic objectives in order to reduce emissions by 23% between 2005 and 2020 within Leicestershire
- Green Infrastructure Strategy (2010) – sets out the overarching strategic framework to 2026 for green infrastructure planning, investment and delivery by stakeholders working across the environmental, economic and social sectors
- Leicestershire Municipal Waste Management Strategy (LMWMS) (Strategy Update 2011) – sets out how the Leicestershire Waste Partnership intends to manage municipal waste within the county
- Local Transport Plan 3 (LTP3) (2011-2026) - sets out what we will do to deliver our local transport and wider economic, social and environmental goals
- Transport Asset Management Plan (TAMP) (2011) – sets out the coordinated approach to managing infrastructure assets
- Network Management Plan (NMP) (2014 – 2026) – sets out how our highway network will be managed and maintained

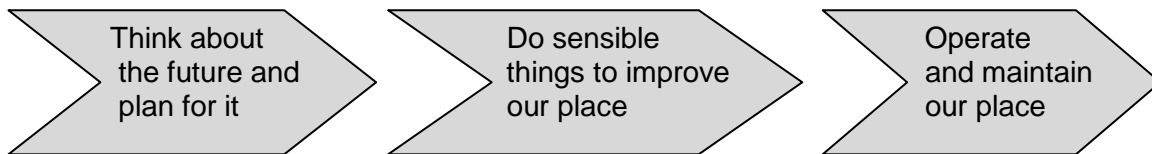
2.3 These plans and strategies will remain in place for the time being. However, as part of the development of the E&T Commissioning Strategy service specific plans and strategies will be assessed and reviewed where appropriate to ensure that they remain fit-for purpose, contain appropriate outcomes and are consistent with corporate policies and plans. As this work to develop our strategy progresses appropriate engagement exercises will be undertaken.

### 3. What we are seeking to achieve

- 3.1 Despite the financial pressures that the County Council faces we remain committed to providing the best level of service that we can. Our departmental vision is:

*‘to make Leicestershire a better place for the benefit of everyone’.*

- 3.2 In order to help meet this, three key purposes have been established. These cover all of the departmental activities, providing a framework for how we intend to make Leicestershire a better place. These three purposes are to:



- 3.3 The County Council is committed to minimising the negative impact its operations have on the environment. The Council's Environment Strategy (2011-2021), response to climate change and management of Leicestershire's local authority collected waste in a cost effective and environmentally responsible way all help to achieve our vision.
- 3.4 The County Council also aims to deliver an efficient, well-planned transport system. This helps businesses, services and people to travel to/from the places that they need to reach. Good transport is vital for existing businesses and for the economy of Leicester and Leicestershire. It is also an important factor for businesses considering whether to relocate to this area.
- 3.5 The Local Transport Plan long-term Strategy (2011-2026) placed a strong emphasis on supporting the economy, making the best use of the existing network and maximising the benefits and value for money of investments.
- 3.6 Our overall approach is to protect vulnerable people and deliver outcomes which will matter most to Leicestershire in the future. Our departmental outcomes are shown below together with how they link to the Council's Strategic Plan priorities. These outcomes will be reviewed as part of the development of the E&T Commissioning Strategy.

Departmental Outcomes	Strategic Plan Priorities				
	Leadership & Transformatio	Enabling Economic Growth	Better Care	Supporting Children & Families	Safer Communities
Our transport system and assets are effectively managed and well maintained.	✓	✓			✓
Local Authority Controlled Waste is managed in accordance with the principles of the waste hierarchy while delivering cost effectiveness and meeting customer need	✓				✓
Improved satisfaction with the transport system and waste and environmental services amongst both users and residents	✓				✓
More consistent, predictable and reliable journey times for the movement of people and goods	✓	✓			
More people walk, cycle and use public transport as part of their daily journeys, including to access key services		✓	✓	✓	✓
The natural environment can be accessed easily and efficiently particularly by bike or on foot	✓		✓	✓	✓
Effective and integrated public and community transport provision, including targeted and innovative travel solutions which meet the essential transport needs of Leicestershire residents	✓	✓	✓	✓	✓
Provide and maintain waste and environmental services and infrastructure which meet the needs of Leicestershire residents	✓				✓
The number of road casualties is reduced.	✓				✓
Maintain, develop, enhance and extend the provision of high quality green spaces and support an enhanced natural environment	✓	✓	✓	✓	✓
Minimise the environmental impact of the Council's activities and improve resilience to climate change	✓	✓	✓	✓	✓
Contribute to reduced carbon emissions derived from Leicestershire	✓	✓	✓	✓	✓

## 4. The financial challenge

### Revenue funding

- 4.1 The scale of the financial challenge faced by the County Council means that it can no longer carry on business 'as usual', either in terms of its overall approach to service delivery, or in respect to the specific services that it delivers. The Authority cannot achieve the necessary levels of savings required simply by continuing to be more efficient. The services that it is able to provide in future will need to change.
- 4.2 Savings of £58.8m are forecast to be made over the next four years (2016 to 2020), with £26.7m savings to be made in 2016/17. This is a challenging task especially given that savings of £100m have already been delivered over the last five years.
- 4.3 Although there are encouraging signs that the United Kingdom is recovering from the financial crisis of the late 2000's, funding levels continue to be under very severe pressures, including from:
- reductions in Government grants
  - restrictions on the ability to raise Council Tax levels
  - implementation of the new National Living Wage.
- 4.4 Over the period of the MTFs, significant growth of £41.3m is required to meet demand and cost pressures with £23.0m required in 2016/17. The main elements of growth are:
- Adult & Communities (£23.0m). This is largely the result of increasing numbers of people with learning disabilities and an ageing population with increasing care needs.
  - Children and Family Services (£8.9m). This is largely due to pressures on the placements budget. This a major risk as the MTFs is based on the assumptions no additional growth will be required after 2016/17.
  - The cost of waste disposal (£2.4m), which is mainly attributable to Landfill Tax and projected increases in household waste due to population and economic growth.
- 4.5 The provisional detailed four-year MTFs (2016/17 to 2019/20), including savings but excluding the Dedicated Schools Grant (DSG), is summarised in the table below.



Provisional Budget	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Services incl. inflation	330.4	337.2	337.5	343.3
Add growth	23.0	4.5	7.5	6.4
Less savings	-26.6	-16.6	-14.1	-1.1
	326.8	325.1	330.9	348.6
Central Items	19.6	16.6	23.0	22.7
Less savings	-0.1	-0.1	-0.1	-0.1
Contrib. Earmarked funds	<u>-1.0</u>	<u>-1.0</u>	<u>-1.0</u>	<u>-1.0</u>
<b>Total Expenditure</b>	<b><u>345.3</u></b>	<b><u>340.6</u></b>	<b><u>352.8</u></b>	<b><u>370.2</u></b>
Funding				
Revenue Support Grant	-37.0	-19.5	-8.5	0.0
Business Rates	-57.1	-58.2	-59.9	-59.7
Council Tax	<u>-251.2</u>	<u>-262.3</u>	<u>-275.8</u>	<u>-291.0</u>
<b>Total Funding</b>	<b><u>-345.3</u></b>	<b><u>-340.0</u></b>	<b><u>-344.2</u></b>	<b><u>-350.7</u></b>
<b>Shortfall</b>	<b><u>0.0</u></b>	<b><u>-0.6</u></b>	<b><u>-8.6</u></b>	<b><u>-19.5</u></b>

4.6 In the Environment & Transport (E&T) department the revenue budget for 2016/17 is £66.2m.

4.7 The main four-year savings (£17m) are:

- a revised approach to Highways Maintenance
- reviewing contracts and service reviews
- making savings to non-statutory services such as rural bus subsidies.
- service delivery reviews for Recycling and Household Waste Sites
- revised payment mechanism for recycling credits.

### Capital Funding

4.8 The overall approach to developing the capital programme has been based on a series of key principles, including investing in a limited number of priority areas, maximising other sources of income and no, or limited, prudential borrowing. The capital strategy recognises the need to avoid prudential (unsupported by Government) borrowing, in order not to increase levels of debt and associated financing costs.

4.9 The E&T capital programme totals £112.7m over the four years 2016-20. The main areas of spend are listed below:

- improvements to the recycling and household waste sites (£0.8m)
- construction of a waste transfer station in Coalville (£0.8m)
- ensuring transport assets such as roads and footways are well managed (£50m)
- completion of major transport improvement schemes, mainly funded by the LLEP
  - Leicester North West Major Scheme (£14.5m)
  - Lubbethorpe Strategic Employment Site Access (£5.1m)

- Hinckley Area Project, Phases 2 and 3 (£3.2m)
- A511 corridor: A42 Junction 13 (£3m)
- street lighting LED replacement programme (£17m)
- advanced design work to support future major transport schemes and bids for future funding (£7.6m)
- completion of new M1 bridge (£6.5m)
- completion of Zouch Bridge (£1.1m)

## 5. Response to challenges

- 5.1 The County Council is being proactive in seeking to address the financial challenges that it faces through its Transformation Programme; a robust approach to financial planning; and by continuing to seek to secure funding from other sources to help to deliver services.
- 5.2 Whilst we will continue to do everything that we can to ensure that the transport network is maintained at existing levels, there will be very limited resources available to spend on highways and transport improvement schemes. Without funding from the Single Local Growth Fund (SLGF) and other sources our ability to invest in transport projects to support economic growth and deliver LTP3 objectives will be severely limited.
- 5.3 Our financial circumstances mean that we will focus on delivering a relatively small number of larger projects, achieving the greatest benefits and value for money for Leicestershire. These projects will encompass all aspects of our priorities, for instance supporting the economy as well as promoting sustainable travel and improving road safety.
- 5.4 Although the County Council will no longer be able to fund small low priority schemes generated by individual requests it will continue to work with communities and partners to help identify possible alternative solutions to addressing local issues.

### Transforming the way we work

- 5.5 The level of budgetary change that we face means that we need to revisit the management and staffing structures that support and provide our services.
- 5.6 We are undergoing significant change through the Transformation Programme including the adoption of a new Target Operating Model based on strategic commissioning principles. The new Target Operating Model has introduced the need for new ways of working that will impact upon how departmental services are delivered and managed.
- 5.7 To date the Transformation Programme has consisted of mainly departmental changes. However, as the Authority needs to continue to find new and transformative ways of working, it is inevitable that changes will need to take place beyond departmental boundaries and services.
- 5.8 The Programme will therefore see an increase in cross-cutting projects and more far reaching, crossing organisational boundaries. Examples of this shift in approach include a focus on early help and prevention, such as Special Education Needs (SEN) Transport.
- 5.9 The County Council will be a very different organisation by 2020. It needs to be much more innovative, risk aware and commercial in its approach.

### Medium Term Financial Strategy (MTFS) service reviews

- 5.10 A series of service reviews are being carried out, in accordance with our corporate commissioning principles, to ensure that we assess our services and identify potential savings. Details are outlined in the action plan.
- 5.11 It is likely that the outcome of these reviews will result in significant changes in the services that the authority will be able to offer to its customers in the future. This is likely to result in a greater emphasis being placed on identifying how individuals and local communities can provide services. We will consult on the outcomes of these reviews prior to County Council members considering them. In light of ongoing budgetary pressures it is also likely that additional service reviews will be identified.

### Securing funding from other sources

- 5.12 Given the reductions in funding we will increasingly need to fund any transport improvements from external funding sources. To do this we must ensure that we continue to develop robust evidence, which will underpin future bids.
- 5.13 The Leicester and Leicestershire Enterprise Partnership (LLEP) is responsible for managing and distributing the Government's SLGF, along with other existing funds, such as the Growing Places Fund. We will continue to seek funding from the SLGF, as well as from other sources, including other Government funds and developer contributions.
- 5.14 The LLEP has significant economic ambitions that it is seeking to achieve by 2020. These are set out in the LLEP's economic plan (the Leicester and Leicestershire Strategic Economic Plan (SEP) 2014 to 2020). The SEP forms the basis for negotiations between the LLEP and Government on possible future funding from the SLGF.
- 5.15 One benefit of this approach is to potentially provide us with access to a much larger pool of monies to fund transport infrastructure. However, disadvantages include:
- the SLGF is not ring fenced (transport projects have to compete against other types of projects for funding)
  - there is no guarantee that funding bids will be successful
  - the process restricts the ability of the County Council to fund long-term transport measures, beyond the SLGF time period
  - where there is a requirement for us to provide matched funds (a contribution towards the capital cost of the scheme) as part of the bid, it is unlikely that the authority will be able to do this from its own resources over the next 3 years, beyond what is already committed.
- 5.16 We now need to take a radically new approach to cope with the scale of planned funding reductions and ensure that every pound is focused to maximum effect.

5.17 The County Council aims to lead Leicestershire, by working with communities and partners for the benefit of everyone, helping to ensure that we come through this austerity period meeting our vision for Leicestershire.

### Combined authority

5.18 A combined authority is proposed for Leicester and Leicestershire. This will help accelerate economic prosperity by enabling the delivery of investment plans for economic growth, transport and skills. The benefits of a combined authority include the provision of a simple means of coordinating transport planning, wider economic development and regeneration across the region.

5.19 In its White Paper response to the Heseltine review, the Government set out a view of a future where local authorities put economic development at the heart of all they do; collaborating, including with private sector partners across a functional economic area. Such collaboration by councils remains an important priority for Government.

5.20 Combined authorities are established under the Local Democracy, Economic Development and Construction Act 2009 by Order of the Secretary of State for Communities and Local Government. A combined authority operates as a public body with its own legal personality but it is not a merger of existing local authorities. To form a combined authority various legal conditions must be met including, in the case of Leicester and Leicestershire, both the seven district councils and the city and county councils consenting to the Order.

5.21 A Governance Review was undertaken during August and September 2015. The findings of the review were clear, that the best governance model to enable economic and transport improvements in the local area is a combined authority.

5.22 A combined authority for Leicester and Leicestershire will:

- enable a shared understanding about Leicester and Leicestershire as a single economic area across the nine local Authorities
- create a strategic framework for economic development and transport, which will ensure consistency in local decision making
- increase the control and influence of the constituent councils across the key drivers of economic growth.

5.23 Stakeholder and public engagement was undertaken in September and October 2015. This involved a survey of residents, staff and stakeholders. There was a high level of support for establishing a combined authority. The supportive nature of the responses to the consultation enables the nine constituent councils to proceed.

5.24 The final commissioning strategy will need to take into account the development of a combined authority.

## 6. Delivery

- 6.1 Appendix A contains an action plan to deliver our Interim Commissioning Strategy. As far as possible this table includes sources of funding and cost of delivery.
- 6.2 Many of the actions relate to projects that we are already committed to deliver, in particular those projects that have received SLGF monies or other forms of external Government monies. As the Environment and Transport Department reduces its staffing numbers and undergoes a major restructuring throughout 2016, the development and delivery of such committed projects will be given priority. This could result in changes to other projects, with some not being delivered within previously agreed timeframes.
- 6.3 This is not without risk, particularly where we are unable to progress studies and option assessment work to inform programme development or bids for future funding. We will continue to seek to manage resources to mitigate such risks, so far as is reasonably possible.
- 6.4 The action plan is supported by a series of more detailed plans (Head of Service and Team Plans) produced by each Head of Service and Team Manager in the department. This approach ensures that each of the activities contained within this action plan is cascaded to the appropriate team or manager, providing clear responsibility and accountability for delivery.
- 6.5 Staff development is managed through our Performance and Development Review (PDR) programme. The training and skills that individuals require to deliver their responsibilities in Head of Service and Team Plans are identified through this process and incorporated into annual training plans.
- 6.6 We will monitor our progress in delivering the actions set out in this Action Plan through Head of Service and Team Plans on a monthly basis. Exception reports will be provided to the Departmental Management Team (DMT) and Branch Management Team (BMT), who are responsible for tracking progress, monitoring risks and deciding on corrective action, where appropriate. Key aspects of performance are reported to the Department's Lead Members, the Council's Corporate Management Team, and the Environment and Transport Overview and Scrutiny Committee.
- 6.7 A set of key departmental performance indicators is shown in Appendix C. Our key performance indicators will demonstrate how we are performing against our departmental outcomes and will be reviewed going forward as we review and refine our outcomes. Our key performance indicators will also be monitored through Head of Service and Team Plans
- 6.8 The Action Plan has been risk assessed and the major risks identified are detailed in Appendix D. Many of our schemes and actions are being delivered using formal project management techniques and risk assessments have been undertaken as part of these arrangements. Risks are monitored through Head of Service and Team Plans on a quarterly basis.

**Appendices**

Appendix A – Action Plan

Appendix B – Asset Management Plan

Appendix B – Key Performance Indicators

Appendix C – Risk Register

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