



**SCRUTINY COMMISSION - 25 JANUARY 2017**

**MEDIUM TERM FINANCIAL STRATEGY 2017/18–2020/21**

**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 2017/18 to 2020/21 Medium Term Financial Strategy (MTFS) as it relates to the Chief Executive's Department; and
  - b) Ask members of the Commission to consider any issues as part of the consultation process, and make any recommendations to Cabinet accordingly.

**Policy Framework and Previous Decisions**

2. The County Council agreed the current MTFS in February 2016. This was the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2017/18–2020/21 was considered by the Cabinet on 13 December 2016.

**Background**

3. The MTFS is set out in the report to Cabinet on 13 December 2016, 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.
4. Reports such as this one have been presented to the relevant Overview and Scrutiny Committees. The Cabinet will consider the results of the scrutiny process on 10 February 2017 before recommending an MTFS, including a budget and capital programme for 2017/18 to the County Council on the 22 February 2017.

**Service Transformation**

5. 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 Enterprise Partnership (LLEP), the Economic Growth Board (Shadow Combined Authority), the Midlands Engine partnership and other

partners to secure and deploy funding. In terms of business intelligence a new target operating model has been implemented as part of the transformation programme.

6. Legal and Democratic Services have a key role in ensuring that the necessary legal basis for proposed actions is established and that due process is followed to avoid the risk of challenge. This includes advising on consultation requirements, governance processes and advice on Equality and Human Rights Impact Assessments. Legal Services also has a significant role in the Transformation Programme relating to commissioning and employment as services are redesigned.
7. The Department continues to lead on work to establish a Combined Authority (CA) for Leicester and Leicestershire with the County Council working jointly with Leicester City Council, District Councils and the LLEP. The CA would guide decisions on transport, planning, skills and other key issues affecting the area. Progression of the Order making process is now subject to the outcome of a Ministerial review and as a result the earliest that the CA will be established is summer/autumn 2017.

### **Proposed Revenue Budget**

8. The table below summarises the proposed 2017/18 revenue budget and provisional budgets for the next three years. The proposed 2017/18 revenue budget is shown in detail in Appendix A.

|  | <b>2017/18<br/>£000</b> | <b>2018/19<br/>£000</b> | <b>2019/20<br/>£000</b> | <b>2020/21<br/>£000</b> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Original prior year budget             | 9,676                   | 9,737                   | 9,322                   | 9,297                   |
| Budget Transfers and Adjustments       | 356                     | 0                       | 0                       | 0                       |
| <b>Sub total</b>                       | <b>10,032</b>           | <b>9,737</b>            | <b>9,322</b>            | <b>9,297</b>            |
| Add proposed growth (Appendix B)       | 160                     | 100                     | 0                       | 0                       |
| Less proposed savings (Appendix C)     | -455                    | -515                    | -25                     | -75                     |
| <b>Proposed/Provisional net budget</b> | <b>9,737</b>            | <b>9,322</b>            | <b>9,297</b>            | <b>9,222</b>            |

9. Detailed service budgets 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.
10. The central contingency also includes provision for an annual 1% increase in the employers' contribution to the Local Government Pension Scheme based upon the 2016 triennial actuarial revaluation of the pension fund.
11. The total gross proposed budget for 2017/18 is £12.7m with contributions from grants, health transfers and service user contributions projected of £3.0m. The proposed net budget for 2017/18 totals £9.7m and is distributed as follows:

| <b>Net Budget 2017/18</b>                             | <b>£000</b> | <b>%</b> |
|---|-------------|----------|
| Democratic Services, Administration and Civic Affairs | 1,605       | 16.5%    |
| Legal Services  | 1,669       | 17.1%    |
| Strategy and Business Intelligence                    | 3,646       | 37.4%    |
| Regulatory Services                                   | 2,157       | 22.2%    |

|  |              |      |
|--|--------------|------|
| Planning, Historic and Natural Environment | 473          | 4.9% |
| Departmental Items                         | 37           | 0.4% |
| Combined Authority Contribution            | 150          | 1.5% |
| <b>Department Total</b>                    | <b>9,737</b> |      |

### Other Changes and Transfers

12. A number of budget transfers (totalling a net increase of £0.4m) were made throughout the 2016/17 financial year and are now adjusted for in the updated original budget. These transfers are:

The most significant item was £0.3m for pay, national insurance and pension inflation transferred from the central inflation contingency;

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.
15. Savings have also been classified as Transformation or Departmental and highlighted as “Eff” or “SR” dependent on whether the saving is seen as an efficiency or a service reduction or a mixture of both. “Inc” denotes those savings that are funding related or to generate more income.

### Growth

16. Growth bids are mainly demand led in nature for some of the County Council’s most vulnerable service users. They are also influenced by the authority’s recognition that it should play an appropriate leading role in how local government services are delivered across Leicester, Leicestershire and Rutland.
17. Growth over the next four years total £0.3m, including £0.2m in 2017/18. The budget increases are outlined below and summarised in Appendix B.
18. \*\* G16 Hardship and Crisis Support; £100,000 in 2018/19

In 2015/16 the funding received for Local Welfare Provision (LWP) 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; this has been funded from ear marked reserves set aside from previous years underspends of the now discontinued LWP grant. The replacement service ensures this group of residents will still be supported to access assistance. From 2018/19 the growth will principally help prevent the vulnerable slipping into hardship which will include direct support in the form of food, fuel and limited reused household goods within the budget available.

19. \* G17 Business Intelligence Service (One Off Growth); -£120,000 in 2017/18

Removal of one-off growth, required in 2016/17 only, to purchase 500 licenses for software to allow managers within the Council to access self-service analysis on their desktop. The procurement of the software is complete and implementation has commenced.

20. G18 Coroners; £130,000 in 2017/18

Demand pressures are being experienced by both Coroners, who cover the entire Leicestershire area. The additional demand largely relates to an increased number and complexity of referrals for people who have died whilst under Deprivation of Liberty Safeguard (DoLS) authorisations. The number of DoLS has risen sharply following a Supreme Court judgement extending DoLS to residential and supported living settings. Cost pressures previously experienced and supported through previous MTFS growth in Adults and Communities and Legal Services are now being experienced in the Coroners Service. Coroner's cases are more complex and are more costly due to the need for toxicology and histology investigations and lengthier storage periods.

21. G19 County Council's Contribution to the running of the Combined Authority; £150,000 in 2017/18

The Combined Authority (CA) which will involve, if approved by the Government, Leicestershire County Council, Leicester City Council, the seven District Councils and the LLEP, will improve how partners collaborate on key issues such as economic growth, tourism, skills, transport and planning. The funding will be used to support the creation and administrative running of the CA; it represents a third of the anticipated cost with Leicester City Council and the seven District Councils contributing the remaining two thirds.

### Savings

22. Details of proposed savings are set out in Appendix B and total £0.5m in 2017/18 and £1.1m over the next four years in total.

### Departmental Savings

23. \* CE1 (SR) Funding and support to agencies; £20,000 in 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, savings proposals were approved for implementation at the Cabinet meeting in September 2014. The total saving secured was £596,000. This is the final part relating to £20,000 from reduced funding for partnership support.

24. \*\* CE2 (Eff) Vacancy control/Staff turnover; £100,000 in 2017/18.

The Department will create a vacancy control/staff turnover saving to meet a shortfall in its saving target thus reducing the need to review services. The Department in the last

few years has reported underspends mainly due to staff turnover. An assumption has therefore been made that natural turnover will lead to savings during each financial year which will achieve this target.

25. \* CE3 (Eff) Democratic Services, Administration and Civic Support review; £90,000 in 2017/18 rising to £120,000 by 2018/19.

As a result of legislative changes which come into effect in May 2017, Elected Members will no longer be entitled to be members of the Local Government Pension Scheme. This will result in a saving of £75,000 in employer pension contributions. The remaining savings relate to a reduction in the level of civic hospitality and support (£45,000).

26. \* CE4 (Eff) Legal Services review; £80,000 by 2018/19.

A review of the Legal Services team, staffing and income streams, which has now commenced, will deliver the saving.

27. \*\* CE5 (Inc) Registration Service - Review and Increased Income; £95,000 in 2017/18.

The Registration service's contribution will be achieved via additional income, through further development of complementary customer services, price increases and the continued development of services delivered at the new registry office at Anstey Frith House.

28. \* CE6 (SR) Review Planning, Historic and Natural Environmental Services; £25,000 in 2017/18 rising to £65,000 by 2018/19

The savings will relate to a combination of staff reductions 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.

29. \*\* CE7 (SR) Review of Community Centre funding; £5,000 in 2017/18 rising to £20,000 by 2018/19

Work is on-going with the management committee of Thringstone Community Centre to help them become self-funded prior to the removal of this funding in 2018/19.

30. \*\* CE5 (Inc) Registration Service - Review and Increased Income; £95,000 in 2017/18.

The Registration service's contribution will be achieved via additional income, through further development of complementary customer services, price increases and the continued development of services delivered at the new registry office at Anstey Frith House.

31. \*\* CE5 (Inc) Registration Service - Review and Increased Income; £95,000 in 2017/18.

The Registration service's contribution will be achieved via additional income, through further development of complementary customer services, price increases and the continued development of services delivered at the new registry office at Anstey Frith House.

32. \*\* CE5 (Inc) Registration Service - Review and Increased Income; £95,000 in 2017/18.
- The Registration service's contribution will be achieved via additional income, through further development of complementary customer services, price increases and the continued development of services delivered at the new registry office at Anstey Frith House.
33. \* CE6 (SR) Review Planning, Historic and Natural Environmental Services; £25,000 in 2017/18 rising to £65,000 by 2018/19
- The savings will relate to a combination of staff reductions 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.
34. \*\* CE7 (SR) Review of Community Centre funding; £5,000 in 2017/18 rising to £20,000 by 2018/19
- Work is on-going with the management committee of Thringstone Community Centre to help them become self-funded prior to the removal of this funding in 2018/19.
35. \*\* CE8 (Eff) Trading Standards – Service Review and Joint Working; £40,000 in 2017/18 rising to £100,000 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 changes in customer facing services, £80,000 of the saving requirement will be achieved. The balance of the savings relate to further reviews of management and operational costs.
36. \*\* CE9 (SR) Reduction in the value of Shire Community Grants; £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 Community Grants fund will be £350,000, including the capital expenditure budget (£100,000).
37. \*\* CE10 (SR) Review funding for economic development activity to external agency; £100,000 in 2017/18 rising to £300,000 in 2020/21
- 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. A review of tourism support has taken place and the Cabinet received and approved a report on 23<sup>rd</sup> November 2016 that recommended the setting up of a jointly owned company, with the City Council, aimed at delivering strategic objectives relating to tourism, inward investment and place marketing. 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.

New savings

38. CE11 (Eff/SR) Early Help and Prevention Review –reduced contribution to community capacity building; £100,000 in 2018/19

Cabinet approved the Early Help and Prevention Strategy on 17 June 2016. One of the recommendations regarded savings that were achievable through the reduction in contributions to community capacity building made through focusing resources to tie in more closely on key indicators which support the Community Strategy. This saving relates to that work.

**Savings Under Development**

39. The County Council's overall MTFs is balanced in 2017/18 but shows shortfalls of £2.8m in 2018/19 rising to £23.9m in 2020/21. To help bridge the gap a number of initiatives across the Council are under development to generate further savings. Once business cases have been completed savings will be confirmed and included in a future MTFs. Initiatives which are under development and which the Chief Executive's Department will have an interest in both corporately and departmentally are:-

- Integrated ICT Systems
- Review of Structures and Delivery Models
- Commercialism
- Commissioning and Procurement
- People and Performance Management
- Digital Services
- Whole Life Disability

**External Influences****Combined Authority**

40. The successful establishment of a Combined Authority and negotiation of a Devolution Deal may significantly and positively influence the Council's ability to secure capital funding in support of economic growth. It will also be influenced by the Government's approach to devolution in non-metropolitan areas which remains unclear. The successful development of the Midlands Engine into an effective, inclusive sub-national partnership will also be important.

**Other Funding Sources**

41. For 2017/18, the following grants are expected to be received:
- 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 2017/18, from the Home Office, is still to be confirmed.

- 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 2017/18, from the Department of Health, is still to be confirmed.

### **Capital Programme**

42. The draft Chief Executive's capital programme totals £0.4m over the next four years including £0.1m in 2017/18. The draft programme is outlined below.

#### **Draft Capital Programme 2017-21**

|                                  | 2017/18<br>£000 | 2018/19<br>£000 | 2019/20<br>£000 | 2020/21<br>£000 | Total<br>£000 |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
| Shire Community Solutions Grants | 100             | 100             | 100             | 100             | 400           |
| <b>Total</b>                     | <b>100</b>      | <b>100</b>      | <b>100</b>      | <b>100</b>      | <b>400</b>    |

43. **Shire Community Solutions Grants; £100,000 in 2017/18**

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; they are funded from the Council's discretionary resources.

### **Background Papers**

[Cabinet : 13 December 2016 – Medium Term Financial Strategy 2017/18 to 2020/21](#)

### **Circulation under local issues alert procedure**

None.

### **Officers to Contact:**

John Sinnott, Chief Executive  
Tel: 0116 305 6000  
E-mail: [john.sinnott@leics.gov.uk](mailto:john.sinnott@leics.gov.uk)

Lauren Haslam, Director of Law and Governance  
Tel: 0116 305 6240  
E-mail: [lauren.haslam@leics.gov.uk](mailto:lauren.haslam@leics.gov.uk)

Chris Tambini, Director of Finance, Corporate Resources Department  
Tel: 0116 305 6199  
E-mail: [chris.tambini@leics.gov.uk](mailto:chris.tambini@leics.gov.uk)



Phil D'Mello, Assistant Finance Business Partner  
Tel: 0116 305 8229  
E-mail: [philip.d'mello@leics.gov.uk](mailto:philip.d'mello@leics.gov.uk)

## **Appendices**

Appendix A – Revenue Budget 2017/18  
Appendix B – Growth/Savings

## **Equality and Human Rights Implications**

44. 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.
45. Many aspects of the County Council's MTFs may affect 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. Such assessments will be undertaken in light of the potential impact of proposals and the timing of any proposed changes. Those assessments will be revised as the proposals are developed to ensure decision makers have information to understand the effect of any service change, policy or practice on people who have a protected characteristic.
46. 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 Impact Assessment to be undertaken as part of the action plan.

This page is intentionally left blank