Leicestershire County Council

Environment & Transport
Interim Commissioning Strategy 2017/18

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1.Introduction

1.1 The County Council is facing significant challenges, including demographic, service demand and financial. The latest 2017/18 – 2020/21 Medium Term Financial Strategy (MTFS) continues to be particularly challenging. 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 introduced departmental commissioning strategies. These departmental strategies set out where departments would focus the available funding and how resources will be used to deliver services to residents of Leicestershire in the most effective way.

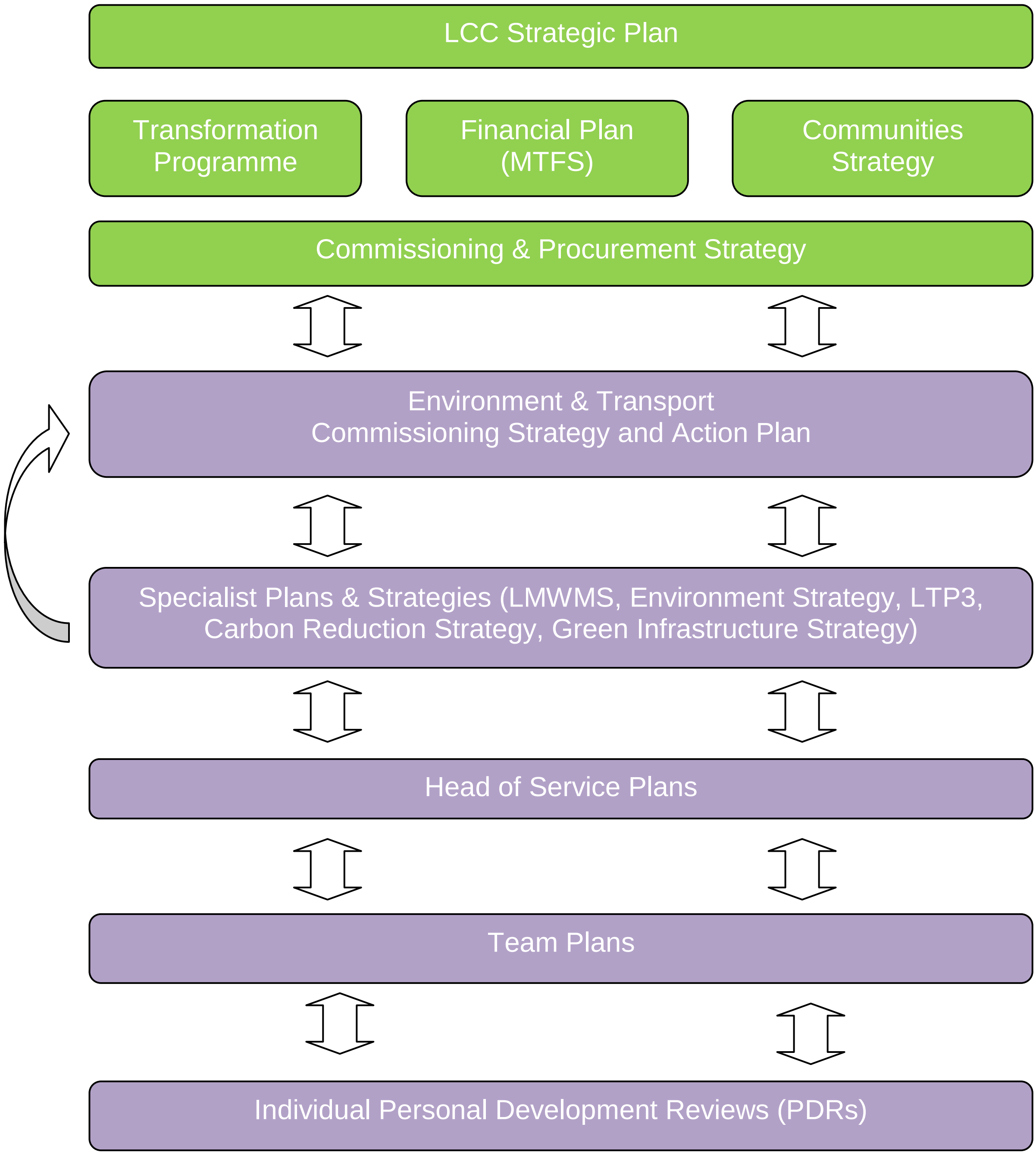
1.4 As a Department, Environment & Transport (E&T) recognised that there was a significant amount of work required to develop an evidenced based, robust commissioning strategy. An Interim Commissioning Strategy (ICS) was therefore published in April 2016.

1.5 In 2016/17, the Council commenced the development of a single strategic outcomes framework for the Authority. This framework will focus on the difference the Authority wants to make to citizens, communities and businesses and work will continue during 2017/18. By 2018/19, it is expected that, the Council will move away from departmental commissioning strategies and move to commissioning strategies which are structured to deliver the Authority's strategic outcomes.

1.6 The 2017/18 Interim Commissioning Strategy will therefore be a refresh of the existing strategy and produce an updated action plan (see Annex A). The action plan details the key service delivery actions, as well as the actions that will be taken to develop the Authority's commissioning strategy going forward. For details of achievements and progress with the 2016/17 action plan see Annex B.

2.Planning Structure

2.1 The diagram below shows how the corporate Commissioning and Procurement Strategy supports delivery of the current 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. It is anticipated that this will evolve during 2017/18 to reflect the development of the corporate single strategic outcomes framework.



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

- Environment Strategy and Action Plan (2011 – 2021) – sets out how the Council will reduce the environmental impacts of 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 will be done to deliver the 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 the highway network will be managed and maintained

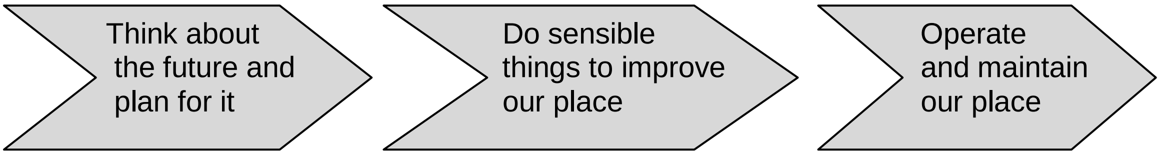
2.3 These plans and strategies will remain in place for the time being. However, those developed and owned by LCC are being assessed and reviewed where appropriate to ensure that they remain fit-for purpose, and support the development of the corporate single outcomes framework and the budgetary position of the Authority. It is therefore likely that elements of the above documents and in some cases their entirety will be superseded by the outcomes of the service reviews.

3.What is the Department seeking to achieve

3.1 Despite the financial pressures that the County Council faces the Department remains committed to providing the best level of service that it can. The 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 it intends to make Leicestershire a better place. These three purposes are to:



3.3 The overall approach is to deliver outcomes which will matter most to Leicestershire in the future. The departmental outcomes are shown below together with how they link to the Council's current Strategic Plan priorities. These outcomes will be reviewed going forward particularly as the Council's single outcomes framework is developed.

Departmental Outcomes	Strategic Plan Priorities				
	Leadership & Transformation	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

This section is draft and subject to full budget approval Feb 2017

Corporate Revenue Position

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 £68m are required to be made over the next four financial years (2017/18 to 2020/21), with £16m savings to be made in 2017/18. This is a challenging task especially given that savings of £161m have already been delivered over the last seven years.

Implications for the Department

4.3 The majority of the Department has now gone through a fundamental top down restructure which will save £2.5m per annum once the full year impact of changes in the current year feed through. This restructure has delivered a fundamental shift in the Department’s service delivery model including moving away from the traditional client/contractor split for Highways Services, now brought together under Highways Delivery as the service provider working in partnership with the Highways and Transport commissioner.

4.4 Focus continues to be applied to how services are delivered on the ground to ensure resource utilisation (both labour and plant) is optimised given the significant budget reductions experienced within Highways Delivery. Further reviews will be required to ensure operational resources are matched to the budgets available.

4.5 The balance between in house service delivery and use of external providers will continue to be reviewed as contracts terminate, opportunities arise and resources, along with potentially skill sets, reduce. The potential for additional and increased income streams is being explored (and in many cases already built into the savings below).

4.6 The main thrust of the Environment branch’s workload in financial terms is the management of contracts for the various elements of waste management, and looking for opportunities to move tonnages between different facilities and contracts to ensure overall costs are minimised.

4.7 A major procurement exercise will need to be undertaken in the next few years which could see a significant shift in the balance of technologies/facilities used to dispose of the County's waste. Also, the service has for a long time been very much a commissioning service. This looks likely to change in the next year as the management of the Recycling and Household Waste Site (RHWS) service is brought back in house following the Cabinet decision of 17 June 2016.

4.8 The scale of the ongoing financial challenge will continue to be difficult to manage. However, the changes the Department has recently gone through leave it in a much better position to meet this challenge and ensure that the reduced level of services that can be provided is appropriately targeted, cost-effective and well received by local communities.

Proposed Revenue Budget

4.9 The table below summarises the proposed 2017/18 revenue budget for the Department and the provisional budgets for the next three years thereafter.

	2017/18 £000	**2018/19 £000**	**2019/20 £000**	**2020/21 £000**
Updated original prior year budget	69,911	65,316	61,570	61,874
Budget transfers and adjustments	1,395	99	184	64
Add proposed growth (Annex B)	-1,005	965	960	900
Less proposed savings (Annex C)	-4,985	-4,810	-840	-535
Proposed/Provisional budget	**65,316**	**61,570**	**61,874**	**62,303**

4.10 Over the four year period since 2013/14 the Department has made £21.5m of savings. The budget figures shown above build in a further £11.2m of savings to be delivered over the next four years. These savings include:

- a revised approach to Highways Maintenance (see Annex C for full programme)
- street lighting – conversion to LEDs
- reviewing contracts and ensuring all income sources to which the Council is entitled are fully realised
- making savings to non-statutory services including bus subsidies
- working with partners to consider other ways of funding services, especially in relation to road safety
- Internalising the management of the Recycling and Household Waste Sites
- revised payment mechanism for recycling credits
- looking at the future residual waste strategy

Capital Funding

4.11 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.

4.12 The E&T capital programme totals £83m over the four years 2017-21 (see Annex C for the full programme). The main areas of spend are listed below:

- improvements works, including drainage to the recycling and household waste sites (£1.1m)
- ensuring transport assets such as roads and footways are well managed (£42.5m)
- completion of major transport improvement schemes, mainly funded by the LLEP (1.0m)
- street lighting LED replacement programme (£14m)
- match funding/advanced design work to support future major transport schemes and bids for future funding (£8.1m)
- the County Hall vehicle programme (£7.0m)
- completion of Zouch Bridge (£2.8m)
- Melton Depot replacement (£1.8m)
- Safety schemes (£1.0m)

4.13 There are other projects which are not yet fully developed or plans have not been finalised. These have not been explicitly included in the capital but it is intended that as these schemes are developed during the year and where there is a financial justification they are brought into the capital programme. £9.7m is being held corporately to fund future capital schemes. For E&T these provisional projects include:

- MI Junction 23 - subject to funding approved from the Local Growth Fund via the LLEP.

- County Wide Parking Strategy – the infrastructure required to support on-street parking where justified.

- Melton Mowbray Eastern Distributor Road - £2.8m has been secured from the large local major schemes fund to develop a detailed business case and design options for the scheme. Progression of the scheme itself will be dependent on a subsequent bid, subject to the business case.

- S106 schemes – these will be schemes brought forward as S106 contributions are agreed to fund future infrastructure to support housing developments.

4.14 A number of bids for funding have also been submitted and are awaiting a decision. These include:

- Highways England Growth and Housing Fund
  - £5m towards £7.8m A46/Anstey Lane Junction scheme.
  - £5m towards £27m M1 J23 and A512 Improvement scheme
- Single Local Growth Fund
  - £17 towards £27m scheme for the M1 J23 and A512 Improvement scheme
  - £6.1 million for Desford Crossroads
  - £11.8 for Hinckley Zone 4

4.15 Other funding opportunities may also be available including:

- Local Authority Challenge Fund phase 2 - £300m available nationally based on a bidding process (we were successful in Phase 1 in securing £5m to support the LED Street Lighting programme).

- Housing Infrastructure Fund (announced in the Autumn Statement) - £2.3b nationally for projects such as roads and water connections that will support the construction of up to 100,000 new homes in the areas where they are needed most.

- New investment in transport infrastructure (also announced in the Autumn Statement) - £1.1 billion to reduce congestion and upgrade local roads and public transport. [N.B. LCC has recently been allocated £2.7m from this fund for 2017/18 . This is over and above the figures included above]

5.Response to financial challenges

Transforming the way the Department works

5.1 Due to the level of budgetary change facing the Department, a new Target Operating Model based on strategic commissioning principles was implemented during 2016/17 as part of the Transformation Programme. This new model has impacted upon how departmental services are delivered and managed and has resulted in significant savings across the Department.

5.2 For 2017/18 and onwards the Authority will need to continue to find new and transformative ways of working in order to deliver services and meet financial savings, and it is inevitable that changes will need to take place beyond departmental boundaries and services. The action plan in Annex A contains a number of cross cutting projects which span across organisational boundaries.

5.3 Although the County Council will no longer be able to fund small low priority projects/schemes generated by individual requests it will continue to work with communities and partners to help identify possible alternative solutions to addressing local issues.

5.4 The Department is also proactively working with the rest of the Authority on national, regional and sub regional initiatives which would provide access to additional funding and enable wider benefits for Leicestershire and the region.

5.5 Ultimately the County Council will be a very different organisation by 2020. The Department recognises that in order to provide services that deliver the agreed outcomes, it needs to be much more innovative, risk aware and commercial in its approach. Assessing what services are delivered, the value of contribution balanced against cost and a decision made on that basis whether to continue, change or cease provision.

Medium Term Financial Strategy (MTFS) service reviews

5.6 A series of service reviews are being carried out, in accordance with the corporate commissioning principles, to ensure that services are assessed and potential savings identified. These include:

5.7 The Recycling and household waste site (RHWS) Commissioning Project which aims to save £400,000 by insourcing 13 of Leicestershire’s 14 Recycling & Household Waste Sites (RHWS), including the Waste Transfer Station (WTS) at Loughborough, when the current contract comes to an end in June 2017. By insourcing the service, the Council aims to deliver £400,000 savings whilst maintaining the existing level of public service provision.

5.8 Savings of £150,000 are expected from decisions to be taken on how waste is managed in the longer term (2020 onwards) which will be set out in a future residual waste strategy.

5.9 The Countywide Accessibility Policy Review (CAPR) will develop a revised accessibility policy that will meet statutory duties, help LCC deliver on its strategic priorities/outcomes and support communities in accessing key services taking account of opportunities arising from the Buses Bill. This will then be considered in the context of likely future funding constraints as proposed by the Medium Term Financial Strategy (MTFS).

5.10 Expenditure on SEN transport is essentially demand led and there has been a significant increase in the number of pupils requiring solo and/or more specialist transport due to, for example, behavioural issues and/or the need for medical support/intervention. Measures to mitigate future growth in numbers, providing complex transport in a cost effective way and associated funding are being delivered.

5.11 Elements of this review are being delivered as a formal project including:

- Virtual transport hub
- Independent travel training
- Roll out of Personal Transport budget to all SEN pupils and students
- Consulting on policy options

5.12 Further work is needed to assess what potential savings will arise from this review. No specific target has been formally included in the MTFS as yet.

5.13 The Highways Maintenance Review will realise savings of £3.55m and is the continuation of the range of efficiency and service reductions across our highway maintenance activity. Efficiency elements include focussing on packaging and procuring of planned works, improved productivity, maximising use of information sources such as parish councils, members of the public and ensuring we are maximising potential income sources from for example developers and utility companies.

5.14 The highway authority planning processes and charging review will introduce a revised approach to dealing with planning applications and pre-application enquiries. It involves undertaking a complete review of current charging systems for professional advice to recover full costs of pre-application, model maintenance & use and design checks. Savings of £0.55m are estimated.

5.15 Countywide parking strategy - Currently no on-street parking charges are applied in Leicestershire. Any income received from introducing such charges has to be made available to fund transport services. Also, where residents' parking schemes are currently in operation, the rate of charge has been reviewed and increased with the income being reinvested into service delivery. Savings of £600k are estimated.

Securing funding from other sources

5.16 Given the reductions in funding there will be an increasingly need to fund any transport improvements from external funding sources. To do this the Department must ensure that it continues to develop robust evidence, which will underpin future bids.

5.17 Whilst the Department will endeavour to ensure that the transport network is maintained at existing levels, without funding from national government via the LLEP, through the Local Growth Fund (LGF) and Large Majors Fund (LLMF), and other sources, the ability to invest in transport projects to support economic growth and deliver LTP3 objectives will be severely limited.

6.Delivery Framework

6.1 Annex A contains an action plan to deliver the 2017/18 Interim Commissioning Strategy.

6.2 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.

6.3 Staff development is managed through the 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. Progress in delivering the actions set out in this Action Plan will be monitored 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.

6.4 A set of key departmental performance indicators is shown in Annex D. Key performance indicators will demonstrate performance against the departmental outcomes and a significant piece of work will be undertaken to ensure alignment with the Authority's outcomes. The key performance indicators will be monitored through Head of Service and Team Plans.

6.5 The Action Plan has been risk assessed and the major risks identified are detailed in Annex E. Many of the 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 monthly basis.

Annexes

Annex A – Action Plan
Annex B – Achievements
Annex C – Delivery Programme
Annex D – Key Performance Indicators
Annex E – Risk Register