



SCRUTINY COMMISSION: 24 JANUARY 2018

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

MEDIUM TERM FINANCIAL STRATEGY 2018/19–2021/22

Purpose of Report

1. The purpose of this report is to:
 - a) Provide information on the proposed 2018/19 to 2021/22 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 the Cabinet accordingly.

Policy Framework and Previous Decisions

2. The County Council agreed the current MTFS in February 2017. This was the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2018/19–2021/22 was considered by the Cabinet on 12 December 2017.

Background

3. The MTFS is set out in the report to Cabinet on 12 December 2017, 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 are being presented to the relevant Overview and Scrutiny Committees. The Cabinet will consider the results of the scrutiny process on 9 February 2018 before recommending a MTFS, including a budget and capital programme for 2018/19 to the County Council on t 21 February 2018.

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 and Leicestershire Enterprise Partnership (LLEP), the Economic Growth Board, 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.

Proposed Revenue Budget

7. The table below summarises the proposed 2018/19 revenue budget and provisional budgets for the next three years. The proposed 2018/19 revenue budget is shown in detail in Appendix A.

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Original prior year budget	9,737	10,003	9,973	9,968
Budget Transfers and Adjustments	611	0	0	0
Sub total	10,348	10,003	9,973	9,968
Add proposed growth (Appendix B)	170	0	0	0
Less proposed savings (Appendix B)	-515	-30	-5	-75
Proposed/Provisional net budget	10,003	9,973	9,968	9,893

8. 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.
9. 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.
10. The total gross proposed budget for 2018/19 is £13.7m with contributions from grants, health transfers and service user contributions projected of £3.7m. The proposed net budget for 2018/19 totals £10.0m and is distributed as follows:

Net Budget 2018/19	£000	%
Democratic Services, Administration and Civic Affairs	1,635	16.3
Legal Services	1,858	18.6
Strategy and Business Intelligence	3,539	35.4
Emergency Management & Resillience	248	2.5
Regulatory Services	2,150	21.5
Planning, Historic and Natural Environment	451	4.5
Departmental Items	122	1.2
Department Total	10,003	100.0

Other Changes and Transfers

11. A number of budget transfers (totalling a net increase of £0.6m) were made throughout the 2017/18 financial year and are now adjusted for in the updated original budget.

12. These transfers are:

£0.3m for pay, national insurance and pension inflation transferred from the central inflation contingency;

£0.3m for the transfer in from Corporate Resources of the budget for the Emergency Management and Resilience function. This is due to a change in responsibilities to recognise the links this service has with functions undertaken within the Strategy and Business Intelligence Service.

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 over the next four years in total is £0.2m all of which will be required in 2018/19. The budget increases are outlined below and summarised in Appendix B.

17. ** G20 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 introduced, using LWP grant from earlier years. The replacement service ensures this group of residents will still be supported to access assistance and not slip into hardship. This will include direct support in the form of food, fuel and limited reused household goods within the budget available. From 2018/19 the growth is to replace the grant monies.

18. G21 Legal Increased Caseloads and Complexity; £80,000 in 2018/19

A review of the management structure for Legal services is required to deal with the increasing number and complexity of cases being dealt with. Service transformation and commercialisation across the organisation is generating legal work which is more complex, high value and often requires urgent responses. Coupled with significant increases in the number of social care cases and school appeals, this has increased both legal workloads and supervision workloads for Team Leaders.

In social care work the numbers of cases has greatly increased in recent years, relating to both adults and family cases. In 2017/18 there are expected to be 112 adult cases relating to Court of Protection compared to none in 2013/14. In respect of family cases, these have increased from 82 in 2013/14 to an estimated 150 this year.

It has been agreed that a number of additional solicitor posts for social care cases will be funded from 2017/18 onwards by Children and Family Services (CFS) and Adults and Communities and therefore the supervision workload is increasing. Prior to the additional funding being agreed, this work had been undertaken externally at a higher cost to the authority and outsourcing has also led to service quality issues.

19. G22 Acquisition Legal Costs for Asset Investments; £140,000 in 2018/19

The County Council has an aspiration to invest £200 million in commercial asset investments. This growth is to fund two specialist solicitors and one assistant solicitor post to deal with the anticipated additional non-routine property based legal work required to acquire suitable high value properties/land. The additional resource will be through permanent appointments which will be at a lower cost than using agency staff. This activity will be undertaken on an ongoing basis as the property portfolio will be regularly reviewed and both acquisitions and disposals will be required.

Following a review of workload since the decision by the Cabinet on 12 December 2017, this growth item has been reduced to £75,000 and this revised proposal will be reported to the Cabinet on 9 February 2018.

20. **G23 Growth Not Required - Combined Authority Contribution; £150,000 in 2018/19

A growth bid was included in 2017/18 to support the creation and administrative running of a Combined Authority. However this funding is no longer required.

Savings

21. Details of proposed savings are set out in Appendix B and total £0.5m in 2018/19 rising to £0.6m over the next four years.

Transformation Savings

22. CE1 Eff Review of Staff Absence; £5,000 in 2019/20 increasing to £10,000 in 2020/21

To reflect the support being put in place to reduce staff absence a financial target has been allocated to all departments. This reflects the intention to meet or exceed the County Council's target of 7.5 days per FTE. The target is phased as 50% in 2019/20 and 100% in 2020/21 to allow time for improvement to take effect. This is the savings target for the whole department.

Departmental Savings

23. * CE2 SR Funding and support to agencies; £20,000 in 2018/19

This is the final part of a £256,000 saving which commenced in 2015/16. The balance of the saving has been made from a number of under-utilised budgets within the Policy, Economic and Community activity and this is expected to have a minimal impact on the service.

24. ** CE3 Eff Democratic Services, Administration and Civic Support review; £30,000 in 2018/19

There is a budget reduction in relation to civic hospitality expenditure. Hospitality is planned on an annual basis, and the service to be provided in 2018/19 will be tailored to the reduced funding.

25. * CE4 Eff Legal Services review; £80,000 in 2018/19

The majority of the saving is expected to be made from increased traded income and turnover savings, however £25,000 remains unidentified. The service is currently reviewing under-utilised budgets in order to identify the remaining balance.

26. * CE5 SR Review Planning, Historic and Natural Environmental Services; £40,000 in 2018/19

The savings will be achieved through staffing reductions. Vacancies are currently being held to facilitate this approach.

27. * CE6 SR Review of Community Centre funding; £15,000 in 2018/19

A decision was made by the Cabinet on 23 June 2017 to transfer trusteeship for Thringstone Community Centre across to the Charles Booth Centre Charitable Incorporated Organisation (CIO). This saving has been implemented during 2017/18 as the transfer took place in November 2017.

Staffing and running costs previously incurred by the authority have transferred in full to the CIO, thereby generating the saving.

28. * CE7 Eff Trading Standards – Service Review; £60,000 in 2018/19

The savings will be made from reducing the number of agency staff used, in part due to the appointment of permanent staff into the new structure that has been implemented, and in part by reducing inspection and investigation activities. This will be done by prioritising resources to areas that present the greatest degree of harm to consumers and the local economy.

29. * CE8 SR Review of Shire Community Grants; £70,000 in 2018/19

The Shire Community Grant Fund is a key element of the Council's Communities Strategy, and provides opportunities for community groups to develop and deliver impactful projects working with vulnerable people. The grants are awarded during the year, and the total available for 2018/19 will be reduced.

The remaining Shire Community Grants fund will be £350,000, including the capital programme allocation (£100,000).

30. ** CE9 SR Review funding for economic development activity to external agency; £100,000 in 2018/19 rising to £200,000 in 2021/22

This is the balance of a £300,000 saving, which commenced in 2017/18, covering a number of economic development activities.

The remaining saving is made up of: £55,000 from ceasing the LLEP grant from 1st April 2018, which has been actioned; £20,000 is by reducing funding for rural initiatives which will be implemented in 2018/19; and £125,000 is due to reducing funding over the next four years for tourism/inward investment.

This last element will be achieved by the setting up of a jointly owned Place Management Organisation (PMO) with Leicester City Council, which is expected to be financially self-supporting by 2021/22.

31. *CE10 Eff/SR Early help and Prevention Review – reduced contribution to community capacity building; £100,000 in 2018/19

The Cabinet approved the Early Help and Prevention Strategy on 17 June 2016. One of the recommendations from the Review which informed the Strategy was that a review of the current community capacity building contract should be undertaken in order to focus resources on the key indicators which support the Community Strategy. The contract identified has been de-commissioned with effect from April 2018.

External Influences

32. Internal increased demands for Business Intelligence: the service is getting more involved in operational reporting in line with the vision of the Data and Business Intelligence Strategy. Service transformation and commercialisation is also a factor in increasing demand for the service.
33. Brexit: Changes to legislation and court decisions which impact on the Council's powers and duties will impact on the workload of Legal Services. Given the Council's commissioning and procurement position, the eventual legislation that deals with Brexit will have a major impact.

Brexit will have a significant impact on local authority Trading Standards services in terms of supporting businesses through the envisaged regulatory transition, and could also impact on the levels of enforcement action within the service.

The impact of Brexit on the local economy is being assessed through a Business Survey commissioned by the LLEP with the support of the County Council.

34. Demand Led Activity: Legal services activity in relation to social care litigation, civil and criminal litigation is demand led. An increase in the local population, in particular, an ageing population, will place more demand on Trading Standards services to tackle scams and other forms of financial abuse.

Other Funding Sources

35. For 2018/19, the following government grants are expected:
- i. The Police and Crime Panel Grant (£53,000 in 2017/18) provides funding towards the administration and member expenses for the panel locally. The level of funding has yet to be confirmed for 2018/19.
 - ii. The Local Reform and Community Voices Grant (£285,000 in 2017/18) 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 (ICAS) provides support to people who wish to make a complaint about the service they have received from the NHS. The level of funding has yet to be confirmed for 2018/19.

Capital Programme

The Chief Executive's Department capital programme totals £3.9m in 2018/19 and £6.8m over the next four years. Details are provided at Appendix C and in the following paragraphs.

36. Rural Broadband; £3.8m in 2018/19 rising to £6.4m in 2019/20

The County Council is the Lead Body for the Superfast Leicestershire Programme, which across Phases 1 and 2 should ensure that 97% of properties in Leicestershire have access to superfast broadband. Phase 2 is now nearing completion and Phase 3 is expected to start in Summer/Autumn 2018. Phase 3 is proposed to cover the remaining most remote 3%, approximately 13,000 properties, but is subject to the consideration of cost effectiveness during the procurement process. There is expected to be future gainshare clawback from Phase 1 which will be returned to the Council in 2023. This has been estimated in conjunction with BDUK to be £4.5 to £5m and was reported to the Cabinet in June 2017.

The funding for Phase 3 includes £1.9m underwriting by the Council, pending repayment from BT in 2023. The balance of the project will be funded by the existing broadband earmarked reserve.

37. Shire Community Solutions Grants; £100,000 in 2018/19

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. The revenue funding is subject to a saving in 2018/19 as outlined at paragraph 29.

38. Future Developments

Relocation of Hinckley Registry Office; £170,000 in 2018/19: A feasibility study on a potential new location is being produced, and therefore the costings may be subject to change. A new location is being considered in order to have a more attractive location to generate increased income from ceremonies. A business case will be required before this project can progress.

Equality and Human Rights Implications

39. 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.

40. 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.
41. 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.

Background Papers

Cabinet: 12 December 2017 – Medium Term Financial Strategy 2018/19 to 2021/22
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=4866&Ver=4>

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

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

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

Helen Moran, Assistant Finance Business Partner
Tel: 0116 305 7609
E-mail: helen.moran@leics.gov.uk

Appendices

Appendix A – Revenue Budget 2018/19
Appendix B – Growth/Savings
Appendix C – Capital Programme

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