



SCRUTINY COMMISSION
24 JANUARY 2018

MEDIUM TERM FINANCIAL STRATEGY 2018/19 – 2021/22

MINUTE EXTRACT

Medium Term Financial Strategy 2018/19 to 2021/22 - Context Setting and Overall Position.

The Director of Finance outlined the context and overall position in respect of the Council's Medium Term Financial Strategy (MTFS) 2018/19 to 2021/22. In doing so, he highlighted the following matters:-

- The Council's financial outlook was challenging. The MTFS included £40 million growth, of which £17 million was for children's social care. There was also a savings requirement of £36 million over the four year period. Approximately £18 million worth of savings had not yet been identified.
- The Capital Programme equated to £290 million over the lifetime of the MTFS and was the largest programme the Council had ever put forward. Despite this, a number of capital development proposals remained unfunded.
- The Local Government Finance Settlement had been disappointing as the Council's bid for the 100% business rates retention pilot had been unsuccessful. This would have resulted in an extra £19 million. The financial pressures facing children's social care had also not been acknowledged in the Settlement. Positive elements of the Settlement included greater flexibility around council tax rates and the adult social care precept.

The Deputy Leader and Cabinet Lead Member for Finance and Resources, Mr J B Rhodes CC, echoed the Director's disappointment regarding the business rates pilot. He reminded the Commission that the Government was currently undertaking a consultation on fair funding for local authorities, and referred to the County Council's own fair funding campaign. The Leicestershire model was widely supported by upper tier authorities and the County Councils' Network, but more work was needed to promote the model to the Government. He also advised members that, through his role on the Local Government Association Resources Board, he was making the case for fair funding.

Arising from discussion, the following points were raised:-

- (i) Consideration was currently being given to a number of options in response to the Government announcement that council tax could be raised by a further one percent. The public consultation on the MTFS, which had closed on 21 January, had sought views on the level of council tax. This issue and other adjustments required following the Local Government Finance Settlement would be addressed in the revised MTFS which would be considered by the Cabinet on 9 February. One of the adjustments would reflect a greater than expected increase in the council tax base.
- (ii) The MTFS included provision for the Revenue Support Grant to end at the beginning of the 2019/20 financial year and for there to be a reduction in the level of Business Rates Top-Up/Tariff to achieve the Government's target funding level for the Council. It was assumed that this reduction in funding would continue to 2021/22. Members commented on the unfairness of the situation.
- (iii) Members agreed that it was important to improve the prosperity of Leicestershire with housing and business development in order to boost the council tax base. It was felt that economic growth was best delivered through local planning and partnerships. However, some caution was expressed with regard to the risk of unrestrained growth.
- (iv) It was felt that the West Midlands Combined Authority and elected mayor placed the East Midlands at a disadvantage in terms of attracting economic growth and funding. The Leader of the Council assured members that he had developed good working relationships with other strategic council leaders in the East Midlands and that regular meetings took place. They were aware of the need for the East Midlands to demonstrate strong leadership.
- (v) Some reservations were expressed over the Council's ability to support both the fair funding campaign and the proposal to retain 100 percent of business rates. However, it was felt that the current disparity in council funding across England could not be resolved by economic growth alone; it would also require the better off councils to reduce their costs over time so that funding could be redistributed.
- (vi) Members welcomed the intention in the MTFS to repay debt and to invest capital in income streams. Total borrowing had reduced by nearly £100m since 2009 and as a result there had been a significant reduction in the revenue cost of serving debt. Some loan terms prevented the Council from the early repayment of debt. Despite the size of the Capital Programme, it would be funded through Government grant, capital receipts and other discretionary funding. It was expected that some of the currently unfunded projects would be funded through underspends, capital receipts and maximising the value of the County Council's assets, for example through applying for planning permission on Council owned properties. Income was also generated through the investment fund.

RESOLVED:

- (a) That the information provided be noted;
- (b) That the comments of the Commission be forwarded to the Cabinet for consideration at its meeting on 9 February 2018

Medium Term Financial Strategy 2018/19 to 2021/22 - Chief Executive's Department.

The Commission considered a report of the Chief Executive and Director of Corporate Resources concerning the proposed Medium Term Financial Strategy (MTFS) 2018/19–2021/22 as it related to the Chief Executive's Department. A copy of the report, marked "Agenda Item 9", is filed with these minutes.

The Chairman welcomed Mr. N. J. Rushton CC, Leader of the Council, and Mrs P Posnett CC, Cabinet Lead Member for Communities, to the meeting for this item.

In response to questions, members were advised as follows:-

- (i) A central contingency was held for pay and price inflation and money was transferred to service budgets once a cost pressure was discovered. The central contingency took account of three percent rate of inflation and a two percent increase pay. It was now expected that pay would increase by 5.4 percent over two years, given the need to make adjustments to pay points at the bottom of the scale to deliver the national living wage. Consideration would be given to how this cost pressure would be met as part of the next iteration of the MTFS, due to be received by the Cabinet at its meeting on 9 February.
- (ii) It was confirmed that there was no realistic prospect of requiring funding for the establishment of a Combined Authority during the next financial year.
- (iii) The service review for Trading Standards was expected to result in a reduction in the level of proactive inspections, such as food sampling, that were undertaken. Trading Standards would continue to be an intelligence led service and, as such, evidence based investigations into issues like allergens not being correctly labelled would not be affected by the savings requirement.
- (iv) The increase in legal caseloads in respect of social care work was a result of a Supreme Court judgement in 2014 which had put in place a requirement for approval from the Court of Protection before adult service users who lacked mental capacity could be deprived of their liberty. It was understood that this was overwhelming the Court of Protection and a national review was being undertaken.
- (v) The need to increase the internal legal resource would address quality issues arising from the outsourcing of legal services. In part this related to the fact that, unlike external solicitors, Legal Services had a duty system so any member of the team could provide advice. Legal Services also understood

how the Council operated which was not always the case when the work was outsourced.

- (vi) The review of Planning, Historic and Natural Environmental Services would not prevent the service from meeting its statutory requirements. Planning fees would increase income by £20,000 to £25,000 and the monitoring of planning permissions generated income. The Historic and Natural Environment Team had service level agreements with district councils and would seek to maximise the income from these. It was possible that the savings target could be met in this way, although staffing reductions were also proposed.
- (vii) The relocation of Hinckley Registry Office was being considered to improve the facilities, parking and generate more income. The relocation was not likely to be considered until later in the year as it was currently at an early stage of identifying possible new locations and would be subject to a business case.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments made at this meeting be forwarded to the Cabinet for consideration at its meeting on 9 February 2018

Medium Term Financial Strategy 2018/19 to 2021/22 - Corporate Resources and Corporate Items.

The Commission considered a report of the Director of Corporate Resources concerning the proposed Medium Term Financial Strategy 2018/19 to 2021/22 as it related to the Corporate Resources Department. A copy of the report, marked "Agenda Item 10", is filed with these minutes.

The Chairman welcomed Mr. N. J. Rushton CC, Leader of the Council, and Mr J B Rhodes CC, Deputy Leader and Cabinet Lead Member for Finance and Resources, to the meeting for this item.

In introducing the report, the Director of Corporate Resources reminded members that, since 2010, the Department had achieved £19 million of savings and planned to deliver a further £5 million by 2021/22. This reflected the departmental strategy of focussing on efficiencies rather than service cuts and delivering support services in a different way through transformation. The Department had also developed its commercial activities and was keen to continue work in this area as it was starting to have a positive financial impact.

Arising from discussion the following points were raised:-

- (i) Some members queried the budget for marketing and communications, which was over £1 million. However, the Council had a duty to inform people of its activities, which it did through various channels. It also undertook extensive

consultation. The Commission was reminded that the communications and media budget had been reduced by 70 percent when services were brought together into a single service. The Cabinet Lead Member felt that this was a good example of spending less but providing a better service.

- (ii) The Centre of Excellence was a national service for information sharing which was currently hosted by the County Council. It had a net nil budget implication for the County Council other than generating some rental income. The hosting arrangement would be reviewed in the summer.
- (iii) The revenue budget included funding for Trade Unions; this related to four posts for the whole organisation to support staff, for example with HR action plans. It also ensured that, when the Council needed to negotiate with the Trade Unions, the processes were efficient. It was felt that these posts provided value through helping the Council to maintain good relationships with its employees.
- (iv) The review of staff absence related to an initiative from the Employment Committee following concerns regarding high levels of sickness absence. The Employment Committee had analysed the reasons for this and the measures put in place and had found that there was a need for first line managers to manage absence effectively. Intensive support from HR to managers was being provided and efficiency saving had been attached to this work as an incentive. A triage service had also been trialled but this had been found to be ineffective and was not being continued.
- (v) It was felt that the investment in commercial property assets should largely be focussed on investments in Leicestershire, to support the general prosperity of the County as well as generating income for the Council. It was confirmed that the majority of investment was in Leicestershire although this had to be balanced against security of tenant and maximising the rate of return. The Council's ambition in this area was modest, with an investment fund of £200 million. The only current out of county investment was in Lichfield. Members were also reassured to hear that the Council's role with out of county investments would be as landlord whereas in Leicestershire it had more of a role as a developer.
- (vi) With regard to energy and water efficiencies, it was confirmed that the County Council was not encouraging opportunities for wind farms. The principle investment in solar panels was at County Hall, although other opportunities would be considered. The biomass boiler had been installed at County Hall because the availability of subsidies, as well as the environmental benefit, had made this an attractive choice.
- (vii) The County Council already provided traded services outside of the county, for example it provided IT support to schools in Stoke. This was an area for further growth and development.

- (viii) The Customer Service Centre was seen as a key frontline service. The savings proposed were a modest reduction of four out of 62 posts and some reduction in management. Investment in improved telephony would be made at the same time.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments made be forwarded to the Cabinet for consideration at its meeting on 9 February 2017.

Medium Term Financial Strategy 2018/19 to 2021/22 - Consideration of Responses from Overview and Scrutiny Committees.

The Commission considered a supplementary report setting out the responses to their respective areas of the Medium Term Financial Strategy (MTFS) of the Adults and Communities, Children and Families, Environment and Transport and Health Overview and Scrutiny Committees. A copy of the supplementary report is filed with these minutes.

In response to questions from members, the Leader and Deputy Leader confirmed the following:

- (i) The review of passenger transport services had been reinstated into the MTFS, following its withdrawal the previous year, because it was felt that bus services should not be subsidised at unsustainable rates such as £17 per person. All contracts had been extended to end in June 2019 so that a full review could be undertaken. This would consider options such as whether buses were the most sensible way of providing public transport but was not likely to eliminate all subsidised bus routes.
- (ii) The countywide parking strategy was still being developed and policy decisions were still to be undertaken. It was therefore not currently possible to provide details of the locations which might be affected. Once the information was available the Environment and Transport Overview and Scrutiny Committee would have the opportunity to discuss the proposal in detail.

RESOLVED:

- (a) That the supplementary report be noted;
- (b) That the comments made at this meeting be forwarded to the Cabinet for consideration at its meeting on 9 February 2018.

ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE
16 JANUARY 2018

MEDIUM TERM FINANCIAL STRATEGY 2018/19 – 2021/22

MINUTE EXTRACT

Medium Term Financial Strategy 2018/19 - 2021/22

The Committee considered a joint report of the Director of Adults and Communities and Director of Corporate Resources which provided information on the proposed 2018/19 to 2021/22 Medium Term Financial Strategy (MTFS) as it related to the Adults and Communities Department. A copy of the report marked 'Agenda Item '9' is filed with these minutes.

The Chairman welcomed Mr R Blunt CC, Cabinet Lead Member to the meeting for this item.

In introducing the report the Director advised members of the financial challenges facing the Council and the significant demand and cost pressures facing the adult social care services in dealing with an ageing population and an increased number of people with complex disabilities.

In response to questions and comments the Committee was advised as follows:-

Service Transformation

- i) The Department had, over the last few years, sought to prevent and delay the need for services by various means aimed at promoting independence. Whilst the Department was spending less directly on primary prevention, the County Council through its early help and prevention scheme, was working closely with local communities to build resilience and provide such support. In addition it should be noted that the Council's public health services were focussed on prevention.
- ii) There had been good progress made with integration of services with health. Examples of initiatives included the establishment of locality teams, Home First and joint commissioning and funding of some discrete services. Much remained to be done but it should be noted that the intention was not a structural integration with health services.

Proposed Revenue Budget

- iii) The growth projections for 2020/21 and 2021/22 were lower and this was based on the likely level of demand. In forecasting future demand pressures the Department looked closely at population figures and trends in demand. One key area where it was expected demand would be lower was in young people transitioning to adult services as the SEN data showed a lower number projected to come through after 2020.
- iv) A sum of £3.5million had been set aside centrally for price inflation and £1.5million for pay.
- v) The BCF contribution was shown as a negative figure as this was an income stream into the County Council's budget.
- vi) The budgets for the Care Pathway in the East and West Localities included services which were provided on a countywide basis by each of these teams. With regard to the income stream of £704,598 to the West Locality this related to NHS income which had been allocated for certain posts in that team.

Growth

- vii) The cost pressures on all service providers arose largely from the increase in the minimum wage but there were also cost pressures in terms of increased insurance costs and costs of equipment and supplies. Cost pressures were a national issue which had been identified by the Competition and Markets Authority which had called for an increase in funding. The Government intended to issue a Green Paper on Social Care funding and reform. If additional resources could not be found, there was a risk of market failure as a number of providers may not be able to continue.
- viii) The growth now identified in G10 was to ensure that the 18 fte review officers who were in fixed term or temporary contracts would be made permanent. These review officer posts were critical to the Department delivering the required savings as the majority of savings were contingent on a review of care packages. The Department had a lean management structure and some 25% of management costs had been saved in the last few years. Management costs were under 1% of the overall budget, one of the lowest in the country.
- ix) The growth proposals in G11 arose from a workforce analysis undertaken by the Transformation Unit which identified the need for 5 additional staff to work at the Leicester Royal Infirmary to deal with patient discharges

Adult Social Care – Savings

- x) The savings proposals in AC3 related to better management of Direct Payments. This area of expenditure was now the second highest with nearly 53% of eligible service users now having a direct payment. Service users

were generally using their personal budgets for their assessed needs and no significant issues of fraud had been identified. The key findings of recent reviews undertaken showed that people in receipt of direct payments were able to source services at a lower cost and in some cases had made arrangements which reduced the number of care visits required. Small changes in individual personal budgets had a significant cumulative effect.

- xi) The proposals set out in AC13 followed on from similar approaches undertaken elsewhere in the country. The introduction of new equipment and technology had reduced the need for double handed care. Members were assured that before any changes were made an assessment would be made by a specialist Occupational Therapist.
- xii) The Department's approach to the delivery of savings was based on a robust business case and delivery plan which took into account the need to deliver the required outcomes for individuals. A new assessment and support planning model had been adopted and the staff were being trained and supported in delivering this. Whilst it was recognised that staff in the Department were caring and professional, and morale was good, it was necessary to ensure that they were helped and supported going forward given the difficult and stressful environment in which they were asked to operate.

Communities and Wellbeing – Transformation Savings

- xiii) There were no new savings in this area of service.
- xiv) The Care Online service was being decommissioned as it had not proved to be as effective as originally envisaged. The Department would continue to support service users in accessing services on-line and as part of the County Council's Digital Strategy there would also be an initiative to support people to engage online.
- xv) The business case for the proposed Collection Hub was being finalised. The intention was to bring collections together in a single, more central location which would ensure that such collections were accessible. Whilst there would be revenue savings and potential for generating income there would be a significant one-off capital cost.

Health and Social Care Integration

- xvi) The Better Care Fund (BCF) set out clear guidelines for the allocation of funding for Disabled Facilities Grant (DFG) and funding would be passported in full to District Councils. It was noted that DFG allocations made to District Councils was not fully spent by them and discussions were being held regarding the use of underspends to support other eligible Housing, health and social care developments.
- xvii) With regard to delayed discharges, whilst the Council had not met the new DOH target, there would be no reduction in the BCF allocation this year. The

recent data on delayed discharges showed that the Council was making progress in reducing delays and as such, it was anticipated that there would be no BCF funding reductions in 2018/19.

Capital Programme

xviii) The Capital programme was noted and members hoped that the necessary resources could be found for developing a Collections Hub.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 24 January 2018.



CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY COMMITTEE
15 JANUARY 2018

MEDIUM TERM FINANCIAL STRATEGY 2018/19 – 2021/22

MINUTE EXTRACT

Medium Term Financial Strategy 2018/19 - 2021/22

The Committee considered a joint report of the Director of Children and Family Services and the Director of Corporate Resources which provided information on the proposed 2018/19 to 2021/22 Medium Term Financial Strategy (MTFS) as it related to the Children and Family Services Department. A copy of the report marked 'Agenda Item '8' is filed with these minutes.

The Chairman welcomed Mr I D Ould CC, Cabinet Lead Member for Children and Family Services, to the meeting for this item.

The Director of Children and Family Services, in introducing the report, outlined the following drivers which had influenced the proposals for the Department's budget:-

- the overall financial position at the County Council, which required each department to make savings so that the overall budget for the year was balanced;
- significant costs pressures in Children's Social Care and the High Needs Block of the Dedicated Schools Grant, particularly with regard to Special Educational Needs and Disabilities (SEND); and
- the development of a transformation programme to address the cost pressures in the departmental budget.

Mr Ould CC, the Cabinet Lead Member for Children and Family Services, highlighted that the net budget will increase by £12m over the 4 years of the MTFS. He also advised the Committee of concerns regarding school funding. The overall increase in budget here was only guaranteed for 2 years; following this, schools could see a decrease in their budget.

Arising from discussion, the following points were raised:-

Service Transformation

- i) Concern was expressed that the proposals to meet the £1.5m MTFS savings in the Early Help Service would result in the closure of 18 Children's Centres

and that this would have a negative impact on the services provided. The Committee was reminded that the Cabinet had agreed to consult on the proposals for the Early Help Service; this consultation would start on 22 January 2018 and this Committee would have an opportunity to respond to the consultation at its next meeting. The proposal included merging four separate services into a single 0-19 Family Wellbeing Service. It was intended to retain frontline staff and for the service to go into people's homes where appropriate. This was already common practice in the Supporting Leicestershire Families service, which only had four buildings. The new model would be a 'hub and spoke' model which retained 15 buildings. The use of other community buildings for group work would also be explored.

- ii) The risk of clawback from national Government if usage of the buildings is changed within 25 years of the initial award of capital grant from the Department for Education was recognised. However, in practice, where Children's Centres had closed elsewhere in the country, clawback had only occurred in a few cases and the level of clawback was low. It was noted that the proposal was to re-designate the buildings for other Early Years provision, rather than close them, which mitigated the risk of clawback. The 15 buildings that would be retained had been chosen based on a thorough evaluation.
- iii) Some Members highlighted the risk of reducing funding to Early Help services, both because of the importance of preventative services in preventing greater levels of need in the future and because partners and community groups might not be able to 'pick up this work'. The Committee was reminded that the principle of the Early Help Review was to protect frontline staff. The consultation process would explore with partners and community groups the impact that the proposals would have on them. A few of the buildings currently used for Children's Centres were owned by the voluntary sector and the impact on them and their income streams would also be considered as part of the consultation.
- iv) The Cabinet lead Member for Children and Family Services assured Members that the Cabinet had recommended that, alongside the consultation, a detailed assessment of need would be undertaken. He would also be speaking to partners such as the Police and Crime Commissioner regarding funding and working with MPs to seek a commitment from the Government for a continuation of the funding for the Supporting Leicestershire Families programme beyond March 2020.

Proposed Revenue Budget

- v) It was confirmed that the budget transfers and adjustments of £814,000 during 2018/19 referred to contracts linked to the Early Help Review. The transfer of £0.8m from Public Health would be additional to this.

Growth

- vi) Concern was expressed that, due to the level of demand, Independent Fostering Agencies (IFAs) were prioritising placements for children with less complex needs. In response to this, the County Council's Care Placement Strategy was seeking to increase the number of in-house foster carers and to provide support so that they could provide more placements for children with complex needs. The Cabinet had recently approved a proposal to consult on changes to the fee structure for foster carers to bring the fees paid by the County Council closer to those paid by IFAs; this consultation was currently ongoing. The revised fee structure had been benchmarked against other fostering agencies and the Council had engaged a consultant who had previously been the Chief Executive of an IFA to support this work. The recruitment campaign focussed on the support and training provided for in-house foster carers, which was well received. Demographic information and an understanding of particular areas where the numbers of Looked after Children (LAC) were high were used to target the recruitment campaign. Members of the Committee were encouraged to look at the new fostering webpages on the County Council website. The work being undertaken to improve the recruitment of in-house foster careers was welcomed.
- vii) The increase in projected numbers of social care payments did not correlate with the level of growth proposed in the MTFs. It was confirmed that this was because the forecasts also took into account the type of placement that would be provided. The assumption was that the new placements would be more cost effective than existing ones.
- viii) The Social Care Agency Premia, intended to make Leicestershire County Council an employer of choice, support retention and reduce reliance on agency workers, was welcomed by Members.

Savings

- ix) The development of wrap around therapeutic support services for LAC was welcomed, particularly as it would focus on rehabilitating young people currently living in residential care into family settings or independent provision.
- x) The new Departmental Operating Model was intended to restructure senior management and to consider how the service was provided in order to identify efficiencies and savings. However, there was a £290,000 shortfall because it had not been possible to achieve the level of savings that had originally been envisaged.
- xi) The slower rate of academy conversion was partly because the county already had a large number of academies and also the withdrawal of the Government's White Paper proposing that all schools should become academies had removed the impetus to convert. It was still predicted that a number of schools would convert to academy status during 2018/19.

Schools Block

- xii) Each school had seen the impact that the new schools funding formula would have, based on draft data. This data was currently being updated using the information from the October 2016 census of schools. It would be provided to schools during the first week of March.
- xiii) It was noted that some primary schools at the bottom end of the scale for funding could see inflationary pressures which were greater than the increase in funding. Work was being undertaken with individual schools to help them prepare for this. Schools with falling numbers of pupils could also be adversely impacted by the new formula.
- xiv) The High Needs Inclusion Project was developing a financial strategy which would reduce the overspend in the High Needs Block and develop a manageable, sustainable, budget for this area. This would be a challenge for the County Council as the number of young people needing support was increasing. A range of issues was being considered, such as ways of reducing high spend in the independent sector and supporting children with special educational needs and disabilities in mainstream schools. It was noted that the County Council had a statutory responsibility to fund these services and would have to do so from its own budget if the overspend and sustainability of the High Needs Block was not addressed.

Specific Grants

- xv) Some of the grants for Children and Family Services were adequate to support provision; where this was not the case, the County Council focussed on discharging its statutory responsibilities. Where the Council had discretion, it aimed to achieve the best outcomes within the resources available.
- xvi) It was noted that the grant for supporting Unaccompanied Asylum Seeking Children only covered 50% of the County Council's costs. The County Council's position was, therefore, that it would meet its statutory responsibilities but that it would not enter into voluntary schemes.

Capital Programme

- xvii) It was confirmed that, where the Capital programme related to Church of England Schools, the Diocesan Board of Education would be consulted on any proposals.
- xviii) The Capital Grant for SEND initiatives had been confirmed but the County Council was required to submit a sending plan before the level of funding was allocated. This would form part of the SEND Strategy and this Committee would, therefore, have the opportunity to consider it as part of the consultation on the Strategy.
- xix) It was confirmed that the S106 contributions related to the number of school places required, whether the school was an academy or a maintained school. It was noted that studio schools counted towards the number of

secondary school places that an area required, regardless of whether the studio school was a popular choice. The Cabinet Lead Member reminded the Committee that district level briefings on school places were provided for members during the summer.

It was moved by Mr Welsh CC and seconded by Mr Bill CC:

“That this Committee expresses to the Cabinet its grave concern that the risks associated with the proposed reduction in Early Help, including the closure of so many Children’s Centres, are excessive and will potentially lead to more children going in to Local Authority care”.

The Motion was put and not carried, with 3 members voting for the amendment and 6 members voting against.

Mr. D. C. Bill CC, Mr. G. Welsh CC and Mr. S. D. Sheahan CC asked for it to be placed on record that they voted for the Motion.

RESOLVED

- a) That the report and information now provided be noted;
- b) That the comments of the Committee be forwarded to the Scrutiny Commission for consideration at its meeting on 24 January 2018; and
- c) That, where the Capital programme related to the Church of England schools, the Diocesan Board of Education would be consulted on any proposals.

ENVIRONMENT AND TRANSPORT OVERVIEW AND SCRUTINY COMMITTEE
18 JANUARY 2018

MEDIUM TERM FINANCIAL STRATEGY 2018/19 TO 2021/22

MINUTE EXTRACT

The Committee considered a joint report of the Director of Environment and Transport and Director of Corporate Resources which provided information on the proposed 2018/19 to 2021/22 Medium Term Financial Strategy (MTFS) as it related to the Environment and Transport Department. A copy of the report marked 'Agenda Item '8' is filed with these minutes.

The Chairman welcomed Mr. B. L. Pain CC, Cabinet Lead Member for Highways, Strategic Transport and Waste, Mr Rhodes CC, the Cabinet Lead Member for Resources and Mrs Radford CC, the Cabinet Support Member to the meeting for this item. Mr Rhodes and Mrs Radford were attending in place of Mrs Posnett CC who unfortunately was unable to attend.

In introducing the report the Director and Cabinet Lead Members advised members of the financial challenges facing the Council and the significant change that had taken place across the Department to enable it to achieve total savings of £43million since 2010/11. The report now outlined how the Department intended to meet the additional required savings of £7.1million by 2022.

Members of the Committee noted the significant savings achieved to date and commended the Director and her team. Members however noted that the savings going forward would be more challenging and now includes reconsideration of savings proposals previously not taken forward as they were deemed difficult.

In response to questions and comments the Committee was advised as follows:-

Proposed Revenue Budget and Budget Transfers and Service Transformation

- i) The Department would continue to explore opportunities for generating income but there were some legal limitations regarding local authority operations on how far this could be pursued.

Growth**G16 – SEN Transport**

- ii) This growth was essentially to meet the increasingly complex needs now being presented by some service users.

G18 – Recycling and Reuse Credits

- iii) Currently all District Councils received recycling and reuse credits. From the start of the new financial year four of the seven district councils would no longer receive these credits and the remaining three would stop receiving credits when their current contractual agreements came to an end during the year.

G19 – Waste Tonnage Increase

- iv) No growth had been included for 2018/19 given the low level of increase in waste tonnage experienced in the current year. However, growth of 1% per year was assumed for subsequent years.

Savings – Highways and Transport**ET1 – Street Lighting**

- v) The work of the Department to implement LED street lighting was commended as both a welcome cost saving and as a contribution to environmental improvement.

ET4 – Revised Passenger Transport

- vi) This saving was taken out at the budget meeting in 2017/18 when the Council was advised that further work would be undertaken into the cost effectiveness of the Council's policy on Subsidised Transport. It was therefore shown as a new saving.
- vii) The review of the existing policy would seek to define clearly what was meant by 'essential need' and how the Council would ensure value for money. The Cabinet on 9th March would be asked to give approval to consultation on a revised strategy.

ET5 – Social Care and SEN Transport

- viii) The proposed saving was in part contingent upon the Cabinet considering the outcome of the consultation recently undertaken and determining whether it wished to proceed. The proposed savings were at the mid-point range of the options consulted upon so the Cabinet would have discretion and be able to reflect the consultation responses in any final decision.

ET 6 – Review of staff absence

- ix) The Department had already put in significant measures to reduce both long and short term sickness and the savings now proposed were in addition to that work. Each Department would have a target to reduce sickness absence.

ET 10 – Countywide Parking Strategy

- x) It was not possible to provide a list of streets where on-street parking charges would be introduced. The full business case was still being developed and, if thought deliverable, would be brought to the Cabinet for approval to consult. If, following consultation, the Cabinet determined that it wished to progress with on-street parking charges, a draft implementation plan would be drawn up at which point individual streets would be identified. The draft implementation plan would be subject to consultation.
- xi) In developing the plan and strategy consideration would also be given to how on-street parking charges would operate in residents only parking areas.

(Mr. D. C. Bill CC and Mr. G. A. Boulter CC each requested that it be recorded that they opposed the removal/reduction of Council subsidised bus services, (ET4), the reduction in social care and SEN transport (ET 5) and introduction of on-street parking charges (ET 10)'

Savings – Environment and WasteET13 – Recycling and Household Waste Sites

- xii) Studies in other parts of the country had not shown a direct correlation between charging for some types of non-household waste and an increase in fly tipping. This appeared to be borne out by the work recently undertaken with Hinckley and Bosworth Borough Council on the issue of fly tipping. A significant proportion of material found was not construction and demolition waste and included waste which residents were able to dispose of free of charge. The position regarding fly tipping was being monitored by the County, City and District Councils.
- xiii) It was noted that there were suggestions that the Government might introduce regulations preventing Councils charging for construction and demolition waste. The County Council has contributed to the discussions on this matter and would welcome the publication of the Government's Waste and Resources Strategy later in 2018 to enable longer term planning of waste disposal and treatment.

ET19 – Future Residual Waste

- xiv) The agreement with Coventry and Solihull Waste Disposal Partnership would result in reduced gate fees. The County Council would have limited liability in the event of any losses by the Partnership.

Savings under Development**Paragraph 21 (i) - Future Residual Waste Strategy**

- xv) The recent announcement by China relating to plastics and paper and announcements by various companies to reduce the use of plastics would be considered in developing the future strategy.
- xvi) The contractor who would be dealing with the Council's recyclables had advised that none of their plastic or paper waste currently goes to China so there would not be an immediate impact. Work was also underway with collection authorities to reduce contamination in the waste stream. However it was likely that costs of disposals would increase in the coming years.

Paragraph 21 (i) RHWS Future Service Offer

- xvii) The comments made by a number of members against a further reduction in the number of household waste sites were noted.

Other Funding Sources

- xviii) There was a high degree of confidence that the external sources of income which amounted to approximately 40% of the budget could be achieved.

Capital Programme

- xix) The LTP grants set out in the first two rows of Table 4 were indicative allocations which had yet to be confirmed by the Department for Transport.
- xx) The LTP Maintenance Incentive Grant (Row 3 of Table 4) was dependent on the Council achieving Level 3. The Council was confident of achieving this level. The financial implications of not achieving Level 3 were set out in Table 5.
- xxi) The Capital Programme showed a lower level of resources available in the latter two years but it was likely that there would be opportunities to bid for funding from the sources listed in paragraph 34 as well as any new Government funding scheme.
- xxii) The Melton Mowbray Distributor Road was not included in the current capital programme as the funding had yet to be agreed. It was hoped that a decision would be made by the summer.

- xxiii) The Council had made representations to the Government regarding the retention of income from speed cameras and was awaiting a response. Members were assured that the installation of cameras was to improve and deal with community safety concerns and the fines received covered the operational costs.
- xxiv) The £12.8m Capital Substitution referred to the use of capital resources to support maintenance schemes which would have been met from the revenue budget.

RESOLVED:

- (c) That the report and information now provided be noted;
- (d) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 24 January 2018.

HEALTH OVERVIEW AND SCRUTINY COMMITTEE
22 JANUARY 2018

MEDIUM TERM FINANCIAL STRATEGY 2018/19 – 2021/22

MINUTE EXTRACT

Medium Term Financial Strategy 2018/19 - 2021/22

The Committee considered a joint report of the Director of Public Health and the Director of Corporate Resources which provided information on the proposed 2018/19 to 2021/22 Medium Term Financial Strategy (MTFS) as it related to the Public Health Department. A copy of the report marked 'Agenda Item '8' is filed with these minutes.

The Chairman welcomed Mrs P Posnett CC, Interim Cabinet Lead Member Health, Public Health and Sport, to the meeting for this item.

In introducing the report, the Director and Cabinet Lead Member reminded the Committee that Public Health was financed through a ring-fenced grant from the Department of Health. This grant decreased in real cash terms by between two and two and a half percent each year until March 2020. It was currently expected that, after March 2020, Public Health would be financed through the 75 percent business rate retention scheme. The Public Health Department aimed to achieve the necessary savings through building on its track record of reconfiguring services to provide at least the same level of service for less money.

Arising from discussion, the following points were raised:-

Service Transformation

- i) The Committee welcomed the savings that the Department had made through service design, but sought assurance that the level of service was not being affected. The Committee was advised that this was achieved through robust contract management; services were reviewed against their activity levels and evidence of the effectiveness of the interventions. These reviews were then used to hold providers to account where they were not delivering the expected level of service. In addition, some efficiency savings had resulted in service improvement, such as providing a digital offer for the smoking cessation service, or through joint commissioning which improved alignment with partners.

Growth

- ii) It was noted that increased testing was expected as a result of the new Pre Exposure Prophylaxis (PrEP) treatment for HIV risk groups and that growth in the budget had been provided accordingly. If the level of growth was insufficient, this would result in a cost pressure across the sexual health service and would require savings to be found from elsewhere within the service or Departmental budget. As sexual health was an open-access service, it could be more difficult to manage demand.

Savings

- iii) It was noted that the balance of the savings target, after the Early Help and Prevention Review, would largely be met from reductions in the contracts for Homelessness Prevention and Short Term Refuge Accommodation. It was acknowledged that the savings equated to approximately a third of the value of these contracts. Achieving the level of savings required was likely to be challenging, although strengthening the links with mental health and substance misuse services could result in efficiencies. Other areas, such as weight management, were also being investigated for savings.
- iv) It was noted that a national consultation on funding for supported accommodation services, including homelessness and short term refuges, was currently being undertaken by the Government. The proposal in the consultation was for Upper Tier Authorities to fund these services through a ring-fenced grant. The outcome of the consultation was expected to influence any proposals for savings in this area.
- v) It was noted that treatment services were the largest area of spend for the Public Health Department and it was therefore important for these services to be effective. The Committee was advised that the recommissioning of the Smoking Cessation Service was a good example of this as it had resulted in a significant decrease in the budget and an increase in activity. With regard to substance misuse, the Committee was advised that service redesign had improved alignment and joint working with other services, especially as it was now jointly commissioned with Leicester City Council and the Office of the Police and Crime Commissioner. It was acknowledged that the service faced ongoing challenges, such as the increase in the use of novel psychoactive substances. The Department was developing its approach to Prevention Strategies and was starting to see improvements in multi-agency preventative working, particularly for lifestyle behaviours.
- vi) The savings under development for the 0-19 Health Visiting and School Nursing Service were still at a very early stage. Comparisons with how the services was provided in other local authority areas were currently being made and consideration was being given to how the Public Health Department could work more closely with Children and Family Services. Detailed proposals would be brought to this Committee for comment in due course.

Other Funding Sources

- vii) The funding from University Hospitals of Leicester (UHL) supported a Medical Consultant in Public Health to work with UHL on the development of strategies and providing analysis of relevant evidence bases. Negotiations for funding for 2018/19 were ongoing and had so far been positive.

RESOLVED:

- (e) That the report and information now provided be noted;
- (f) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 24 January 2018.

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