



SCRUTINY COMMISSION
28 JANUARY 2019

MEDIUM TERM FINANCIAL STRATEGY 2019/20 – 2022/23

MINUTE EXTRACT

Medium Term Financial Strategy 2019/20 to 2022/23 - Context Setting and Overall Position.

The Director of Corporate Resources advised the Commission that the financial position of the County Council remained challenging. Savings requirements were driven by service growth pressures and price and pay inflation. It was important to plan ahead to identify where cost pressures were likely to be and how they could be mitigated against. The biggest feature of the Medium Term Financial Strategy (MTFS) was uncertainty. The next Comprehensive Spending Review and the outcome of the Fair Funding Review were expected during the next financial year. As a result, there was no certainty beyond 2020 regarding the future of grant funding or the limits on council tax increases.

The Leader of the Council, Mr N J Rushton CC, highlighted the current pressure on the Special Educational Needs and Disabilities (SEND) budget. The Cabinet Lead Member for Resources, Mr J B Rhodes CC, reminded members that despite the uncertainty surrounding the MTFS, the County Council was projecting a breakeven position for the next two financial years. In the long term funding the Capital Programme would be challenging as it was reliant on a strong revenue position.

Arising from discussion and questions, the following points were raised:-

- (i) The final settlement from the Government for 2019/20 was expected in the next couple of weeks. The MTFS would be updated to take into account any changes as a result of the final settlement and to include the more detailed forecasts from district councils relating to council tax collection. It was noted that the growth rate in the council tax base had reduced to 1.6%.
- (ii) Concerns relating to local government finance, including the current uncertainty faced by councils, were raised by the Leader and Cabinet Lead Member for Resources at meetings of the County Councils' Network and the Local Government Association. It was noted that councils at risk of losing funding as a result of the fair funding review were starting to make their concerns known. Members of the commission supported the principles of fair funding and recognised that moving towards a population based system should benefit the County Council. Deprivation weighting would still continue to be applied to services such as children's and adult social care where deprivation was a key cost driver. It was suggested that a longer term funding

model would bring certainty to enable some councils nationally to reduce their reserves to an appropriate level. The County Council was not in this position as its reserves were largely allocated against specific risks or requirements and the position was closely monitored.

- (iii) During 2018/19, additional funding for highways maintenance had been made available mid-year. Subsequently the Government had made funding available for the same purpose. The County Council's funds had therefore been redirected for future capital investments primarily towards transport infrastructure.
- (iv) It was confirmed that the County Council would no longer receive Revenue Support Grant from the government. It was not expected that the new funding formula, to be introduced in 2020, would include Revenue Support Grant.

RESOLVED:

That the comments now made be submitted to the Cabinet at its meeting on 8 February.

Medium Term Financial Strategy 2019/20 to 2022/23 - Chief Executive's Department

The Commission considered a joint report of the Chief Executive and Director of Corporate Resources which provided information on the proposed 2019/20 to 2022/23 Medium Term Financial Strategy (MTFS) as it related to the Chief Executive's Department. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

Arising from discussion and questions the following points were raised:-

Growth

- (i) The Commission supported the proposal for growth in the Hardship and Crisis support service. Demand was rising and the earmarked reserve that had been used to support the service over the last couple of years was running out. In the longer term the budget would be balanced through recommissioning the service in a more holistic and streamlined way, for example through the reducing the number of referral points. The County Council did not work with the charity Help Through Crisis but was open to exploring options for collaborative working wherever possible.
- (ii) With regard to the proposed growth in Legal Services, it was noted that increasing the in-house provision would reduce spend on more expensive agency staff and would also provide a better service. Consideration would be given to using fixed term contracts for posts to support major infrastructure projects, although it was recognised that additional legal support for Section 106 agreements, to enable a timely response, would be an ongoing requirement.

Savings

- (iii) The Commission was pleased to note that the saving from the review of grants and contracts across the Communities, Policy and Resilience function would not have a detrimental effect on front line services. Savings would be made from the infrastructure to support front line services, for example through better alignment with other agencies that funded a similar service.
- (iv) It was noted that Brexit was likely to create additional demand on the Trading Standards Service, both in terms of enforcement work and supporting small and medium sized businesses. To date there had been no indication from the Government that additional funding would be made available. The £35 million of national funding that had been announced was directed to Port Authorities and Environmental Health Services. Concern was expressed that the savings requirement for Trading Standards would affect front line services at a time where they were likely to be facing increased demand. The Leader of the Council advised that, if more resources were required for Trading Standards after Brexit, efforts would be made to ensure that they were made available.
- (v) Concern was expressed that Non Disclosure Agreements had prevent the sharing of information relating to Brexit, particularly with regard to the East Midlands Airport. However, the Commission was assured that within the last two weeks there had been a significant push to get them lifted so that information could be shared. A regional steering group had also been set up and had met with the Secretary of State during the previous week. Members would be kept apprised of any developments through the Weekly Digest and the Corporate Governance Committee was also monitoring the situation through the Corporate Risk Register.
- (vi) The savings requirement from reducing funding to tourism support services was not expected to be fully delivered because the plan to set up an organisation with Leicester City which would be self-funding by 2021 would now not be realised. The Commission had some concerns that a new organisation covering City and County would have disproportionate focus on Leicester City and emphasised the importance of tourism to market towns and the local economy. It was suggested that this could be the subject of a future report to the Commission.

Capital Programme

- (vii) In response to a query regarding why superfast broadband coverage was limited to 97% of properties, the Cabinet Lead Member for Resources advised that there were challenges in ensuring that every isolated, rural property was identified. The contract was based on percentage delivery; the location and order of roll out to properties was a commercial decision. Further details on the roll out of superfast broadband, including whether the potential introduction of 5G technology would have an impact on the project, would be provided to the Commission after the meeting.

RESOLVED:

- (a) That the comments now made be submitted to the Cabinet at its meeting on 8 February;
- (b) That the Cabinet be recommended to reconsider the saving CE4:SR Trading Standards Reduction in Staffing and Agency Budgets, particularly given the likely impact of Brexit on demand for the service;
- (c) That a report on tourism services be submitted to a future meeting of the Commission;
- (d) That officers be requested to provide members of the Commission with further information on Superfast Broadband and whether 5G technology would have any impact on the project.

Medium Term Financial Strategy 2019/20 to 2022/23 - Corporate Resources and Corporate Items.

The Commission considered a revised report of the Director of Corporate Resources which provided information on the proposed 2019/20 to 2022/23 Medium Term Financial Strategy (MTFS) as it related to the Corporate Resources Department. A copy of the report is filed with these minutes.

Arising from discussion and questions the following points were raised:-

Revenue Budget

- (i) The Department was expected to receive £32.9 million from traded services in 2019/20. This included commercial services such as the School Food service. The County Council had been successful in providing food for a number of schools in Leicester City and had also submitted tenders for contracts in neighbouring counties. However, the profit margins were tight as it was a competitive market.

Growth

- (ii) The increase in cost of the Microsoft Enterprise Agreement was the subject of wider discussions with the Local Government Association, although a successful outcome was not anticipated. It was expected that the roll out to Windows 10 would make the Council's IT systems easier to manage. Microsoft had no plans to supersede Windows 10 with a new operating system; the intention was for it to evolve with regular updates.

Savings

- (iii) In response to a query regarding the purchasing of assets outside of Leicestershire, the Commission was advised that the vast majority of property investments were made in the county. The few that were not were solely focused on income generation to support other council services and provided a good rate of return. They were close to the county border to ensure that they could be managed effectively. The property in Nottingham was fully let. There

was a small vacancy in the property in Lichfield but this was not having an adverse financial impact on the Council. The Commission was assured that the County Council took a very prudent approach to property investment. No borrowing had been undertaken to fund asset investment. The financial risk was therefore limited to rental income.

- (iv) The efficiency and productivity programme had the biggest savings target in the MTFs. It had arisen from a review undertaken by Newton Europe of the adult social care Target Operating Model. A number of efficiency savings had been identified and there was confidence that they could be delivered. This approach could also be applied to other departments, especially where services had not been reviewed for a few years. It was therefore intended to roll the programme out across the whole council.
- (v) The agile working pilots in the Workplace Strategy were at a very early stage. Further information on the outcome of the pilots would be made available in due course.

Capital Programme

- (vi) It was queried whether the East of Lutterworth Strategic Development Area (SDA) included land to the east of Junction 2 of the M69. The Commission was advised that, although the bid to the Housing Infrastructure Fund (HIF) due to be submitted by 1 March included both areas, the East of Lutterworth SDA referred to in the Capital Programme related to land which the County Council had assembled and the associated development scheme which was included in the Harborough Local Plan. It was expected that this development would generate a significant capital receipt for the County Council in due course. The HIF bid was an aspirational bid which focused on providing transport infrastructure in the south of the county before any housing development took place.
- (vii) In response to a concern expressed, the Commission was advised that the Stoney Stanton SDA was listed in the Capital Programme as a future development subject to further detail and an approved business case. Although an outdated diagrammatic illustration of possible development sites in this area had been erroneously included in the Cabinet report regarding the HIF bid, no specific plans for development currently existed. Officers undertook to clarify whether an updated diagram would be included in the final submission of the HIF bid and it was also noted that, if the bid was successful, a report outlining the next steps would be submitted to the Cabinet. The Commission was further advised that any proposal for development in the Stoney Stanton area, whether it included County Council land or not, would first need to be included in the Blaby Local Plan. This was due to be revised and would be the subject of public consultation.
- (viii) The ongoing revenue costs for the County Council's country parks were small. There were no plans to open any new country parks or to change the management arrangements for the existing ones.

- (ix) The inclusion of funds in the Capital Programme for the redevelopment of Snibston Country Park was welcomed and it was suggested that the county and district councils could work together to develop walkways and cycleways to join up various leisure facilities and open spaces in that area.

RESOLVED:

- (a) That the Comments now made be submitted to the Cabinet for consideration at its meeting on 8 February;
- (b) That officers be requested to provide clarity on the status of any diagrams or plans for development to be included in the HIF Bid relating to transport infrastructure in the south of the county.

Medium Term Financial Strategy 2019/20 to 2022/23 - Consideration of Responses from Overview and Scrutiny Committees.

The Commission considered extracts from the minutes of the Overview and Scrutiny Committee meetings held to consider the Medium Term Financial Strategy (MTFS) 2019/20 to 2022/23 as it related to the County Council departments. A copy of the minute extracts is filed with these minutes.

Arising from discussion the following points were raised:-

Health Overview and Scrutiny Committee

- (i) The Chairman of the Health Overview and Scrutiny Committee underlined the uncertainty regarding the future of the Public Health grant and the indication in the NHS Long Term Plan that the NHS was seeking involvement in the commissioning of some of the more clinically-based public health services such as sexual health, school nursing and health visitors. The Commission was advised that a report providing an initial analysis of the implications of the NHS Long Term Plan would be submitted to the next meeting of the Cabinet.
- (ii) With regard to the recommissioning of homelessness prevention services, members hoped that the new service would provide more consistent community outreach across the county.

Environment and Transport Overview and Scrutiny Committee

- (iii) A request was made that if there was any chance of additional funds being made available to support the Environment and Transport Department, that passenger transport be treated as a priority. However, the Commission was advised that the policy had been set and it was important to implement it fairly. It was expected that Demand Responsive Transport would provide a suitable alternative to bus provision in the more rural areas.
- (iv) With regard to SEN transport, the Chairman of the Environment and Transport Overview and Scrutiny Committee stated that it was important for schools to assess young people's needs correctly and where possible to manage their

needs in mainstream education where they could integrate with their peers. He had some concerns regarding the application of the criteria. The Cabinet Lead Member for Resources confirmed that similar concerns had been identified by members of the Local Government Association Executive.

- (v) The Leader of the Council advised that the retention of fines from speed cameras installed by the County Council to fund further installations was a topic of ongoing debate with the Government.

Adults and Communities Overview and Scrutiny Committee

- (vi) It was confirmed that options for the future of the collections hub were still being developed, recognising that it was preferable in the longer term to have a proper facility where the collections could be publicly accessed. The Chairman of the Adults and Communities Overview and Scrutiny Committee advised that the Committee had received several reports on the matter was keen to offer support in the development of options. A further report was expected at a future meeting.
- (vii) It was noted that a recent freedom of information request by the Local Government Information Unit had identified that the County Council had sold £197,000 worth of paintings in the four years up to 2017. Members were advised that this had been the subject of reports to the Cabinet and Scrutiny Committee at the time. The decision to sell had been based on external advice and the funds used to restore other works of art in the County Council's possession.

Children and Families Overview and Scrutiny Committee

- (viii) A member raised queries in relation to school funding. In particular, these related to the Minimum Funding Guarantee, age-related restrictions and the impact of reductions in family support services on schools. Officers undertook to provide the member with a written response.

RESOLVED:

That the comments now made be submitted to the Cabinet for consideration at its meeting on 8 February.



HEALTH OVERVIEW AND SCRUTINY COMMITTEE
16 JANUARY 2019

MEDIUM TERM FINANCIAL STRATEGY 2019/20 – 2022/23

MINUTE EXTRACT

Medium Term Financial Strategy 2019/20 – 2022/23

The Committee considered a joint report of the Director of Public Health and the Director of Corporate Resources which provided information on the proposed 2019/20 to 2022/23 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 MBE CC, Cabinet Lead Member Health, Public Health and Sport, to the meeting for this item.

In introducing the report, the Director and Cabinet Lead Member informed the Committee that 2019/20 was the last year that Public Health would be financed through a ring-fenced grant from the Department of Health. It was expected that from 2020/21 Public Health would be funded from retained business rates. However, until the outcome of the 2019 Spending Review was announced the exact funding that the Public Health Department would receive would not be known and therefore assumptions had been made in the MTFS. The Director was confident that Public Health would be able to make the necessary savings for a balanced budget for the 2019/20 year. However, for the following three years the position was less clear.

Arising from discussion, the following points were noted:-

Service Transformation

- (i) The Director of Public Health provided some reassurance that if the funding position changed in the future from that which had been anticipated, then the financial plans for Public Health could be altered and contingency plans would be put in place. In the meantime work was underway to reduce costs in the department such as focusing on digitising services.
- (ii) In response to a question from a member regarding the budget totals showing a debit balance it was explained that some of the Public Health Grant was used for preventative activities in other departments of the County Council.

Growth

- (iii) An assumption had been made that in the subsequent years of the MTFS, the Public Health specific grant (or whatever replaced it) would remain at the same level as in 2019/20.

Savings

- (iv) The Director of Public Health stated that he had high levels of confidence that the proposed savings as set out in the report could be made and confirmed that the savings relating to Integrated Sexual Health, NHS Health Checks and Heart Smart had already been achieved. The Director of Public Health was also confident that the savings relating to Substance Misuse Treatment Services could be achieved as the plans had been developed in a high level of detail.
- (v) The savings relating to Homelessness Prevention were not confirmed yet as public consultation needed to take place on the proposals; however, the Director of Public Health had confidence that the financial modelling was sound. Further work was required to be undertaken to establish how the outreach element of the service would work. It was expected that this would be a similar model to the Local Area Co-ordinators and the role would include ensuring effective links between the work District Councils undertook on homelessness and the wider Public Health work.
- (vi) An action plan was currently in place to rationalise staffing levels in the provider arm of the Public Health Department. This could affect Local Area Co-ordinators, although overall Leicestershire did have the largest team of Local Area Co-ordinators in the country. This fitted with the Department's ethos around providing prevention services at the lowest cost in the community and seeking to develop community capacity.
- (vii) In response to a query from a member as to why no allowance had been made for inflation or cost increases the Director of Public Health explained that when services were externally commissioned the provider was expected to meet inflationary pressures as part of the contract. The Treasury had also previously made a payment directly to NHS providers to account for inflation, although it was unclear whether this would continue. Any additional cost pressures would have to be accounted for 'in year'.
- (viii) The planned recruitment freeze for the school nursing service had not yet begun therefore the impact on the service was not yet known. It was hoped that the introduction of digital tools such as text health and web health, would mitigate against any negative impact on the school nursing service. Joint working was taking place between the Public Health Department and Children and Family Services to ensure that the changes proposed would not have a disproportionate impact on certain groups of children such as those with Special Educational Needs.

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 28 January 2019.

**ENVIRONMENT AND TRANSPORT OVERVIEW AND SCRUTINY
COMMITTEE
17TH JANUARY 2019**

MEDIUM TERM FINANCIAL STRATEGY 2019/20 TO 2022/23

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 2019/20 to 2022/23 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 Rhodes CC, the Cabinet Lead Member for Resources and Mrs Radford CC, the Cabinet Support Member to the meeting for this item..

Proposed Revenue Budget and Budget Transfers and Service Transformation

In introducing the report, Cabinet Lead Members for Resources advised members of the financial challenges facing the Council. The Revenue Support Grant would reduce from £8.5million to zero. The inflationary and demand pressures on services provided by the Council were increasing. The Cabinet had indicated that it would prioritise adult social care and children services. The Cabinet however recognised the pressures on the Environment and Transport Department and the need to provide good and sustainable services and therefore provided growth of £2million for SEN Transport, dealing with HS2 and ash dieback/forestry. The Government was looking to change the funding formula but this would not happen until 2020/21 at the earliest. It was anticipated that the funding formula would address some of the current anomalies and this might improve the Council's financial position in the future. If that were not to happen the financial outlook would be severe.

The Director advised of the significant change that had taken place across the Department to enable it to achieve total savings of £43million since 2010/11. The Department faced increasing pressures arising primarily from:-

- Higher expectations from the public about levels of service and response times;
- Increasing demand from population growth;
- Higher rates of inflation particularly within the construction sector;
- The need to respond to the growth agenda in terms of planning and bidding for infrastructure projects;
- Increasing difficulties in recruiting and retaining staff.

The savings now expected from the Department were extremely challenging. The Department and its partners were looking at smarter working and delivery and to invest to save schemes.

The growth in the staffing budget reflected the need to engage staff to help the Council develop infrastructure bids (such as the Melton Mowbray Distributor Road and Housing Infrastructure Bids) and to ensure that the Council responds to the HS2 project. With regard to HS2 the Council was seeking to mitigate the adverse impacts and maximise opportunities such as the case for classic connectivity as well as supporting businesses to take advantage of potential business opportunities.

With regard to inflation this was held centrally and allocated in-year when the position became clearer.

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

Growth

G15– SEN Transport

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

Savings – Highways and Transport

ET1 – Revised Passenger Transport Policy

- ii) All supported bus services would be assessed using the new criteria set out in the Passenger Transport Policy which was recently agreed by the Cabinet. It was therefore not possible to give any commitment about the future of any particular bus service ahead of the review.

{Mr Bill CC asked that it be recorded that he opposed this savings proposal as it would adversely impact bus service provision}.

ET2– Social Care and SEN Transport

- iii) The impact of the new eligibility criteria would be reviewed following 12 months of operation and the outcome reported to the Committee. Members were reminded that the policy made provision for exceptions on appeal and a contingency of 20% had been built into the budget for this purpose.

ET 3 – Review of staff absence

- iv) The proposals now outlined were supported.

ET 4 - Alternative Fleet Provision

- v) The Department was exploring options for bringing in-house some of the most expensive contracts.

Savings – Environment and Waste

ET7– Recycling and Household Waste Sites

- vi) The proposals to increase levels of re-use at household waste sites were welcomed. Members noted that a detailed report on this saving proposal would be made to the Committee in the near future.

ET8– Future Residual Waste

- vii) Members were advised that there was little likelihood of a reduction in the level of landfill tax and previous representations on the matter had not been successful.
- viii) With regard to the recently launched Government strategy document on waste, further information was still awaited on what the Government's intentions are with respect to the separate collection of food waste and this matter is to be the subject of a consultation exercise.

Savings under Development

- ix) The Department was now looking at smarter working and delivery and to invest to save schemes and had held 'brainstorming sessions' with frontline staff to explore ideas.

Other Funding Sources

- x) The impact of recently introduced Roadworks Permit Scheme would be assessed and report made to the Committee.

Capital Programme

- xi) The Department had to bid to various Government funding streams for major projects. The Government expectation was that where funding was provided there should be an element of matched funding from the local authority. Whilst S106 contributions played significant role in this it was increasingly necessary for the County Council's mainstream capital programme to provide matched funding.
- xii) Representations had been made to Government regarding the retention of fines from the speed cameras installed by the County Council as a means of funding further installations. The Leader planned to have further discussions on the matter.
- xiii) The Director indicated that she would write to Mr Bill regarding the current position on works to the Hinckley junctions.

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.



ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE
21 JANUARY 2019

MEDIUM TERM FINANCIAL STRATEGY 2019/20 – 2022/23

MINUTE EXTRACT

Medium Term Financial Strategy 2019/20 – 2022/23

The Committee considered a joint report of the Director of Adults and Communities and Director of Corporate Resources which provided information on the proposed 2019/20 to 2022/23 Medium Term Financial Strategy (MTFS) as it related to the Adults and Communities Department. A copy of the report marked 'Agenda Item '8' 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 demand and cost pressures facing adult social care services in dealing with an ageing population and an increased number of people with complex disabilities.

Arising from the comments and questions raised, the Committee was advised as follows:

Service Transformation

- i) Work was progressing on the integration of services with Health and a report would be made to a future meeting on the new Home First service and the proposed development primary care services for people with complex needs. These developments were aimed at helping more people to receive services in their own home.

Proposed Revenue Budget

- ii) The revenue budget did not taken into account any pay or price inflation. A contingency was held centrally and allocated in-year when the position became clearer. In the previous year a sum of £3.7 million had been transferred for price inflation and £1.5 million for pay and pension inflation.

Growth

- iii) **G10 - Transforming Care transfers from Health** This growth was required to cater for additional cost the Department would incur for the 23 patients with very complex and challenging needs who would be ready to be

discharged into the community over the next few years. The majority of the cost would be met by the NHS, social care and the Transforming Care Programme. Whilst the intention is for the Transforming Care Programme to come to an end soon discussions were on-going at a national level to ensure that mechanisms were in place to manage discharges along with funding.

- iv) G12 – Transitions. Four additional members of staff were required to assist with the work with the increased number of young people transitioning to adult services. A Development Manager post had also been established to look at how adult and children services could be better aligned. A report on this would be submitted to a future meeting of the Committee.
- v) G6 and G7 – Increased demand from Older People and Learning Disabilities This growth recognised the increasing demands from demographic growth and increasing complexity of care and fragility of some service users.. A report was due to be presented to a future meeting of the Committee which on how needs were being met and the impact on carers. It was noted that the demographics and the fact that people were living longer, but often with poorer health, required support to be provided to more people with complex needs.

Adult Social Care – Savings

- vi) There were no new savings in this area of service.
- vii) The proposed saving around staff absence was set to increase. The target was phased over two years to allow time for the improvements to take effect. Work was continuing within the Department to further reduce the level of staff absence.

Communities and Wellbeing – Savings

- viii) There were no new savings in this area of service.
- ix) The closure of the Care On-Line service had contributed to savings within this area of the department. An report would be presented to the March meeting of the Committee, post closure of the service, how the provision of services has been reconfigured.
- x) The options for the new Collections Hub previously considered by the Cabinet involved a significant capital outlay. Work on further options was being undertaken which sought to reduce the capital costs and these options would be presented during 2019/20. The Collections Hub would cover the Records Office Service and the Museum Collections and provide an opportunity for making the Collection more accessible. A report would be brought to the Committee on the proposed Hub and how the Collection was maintained and policies relating acquisition and disposals. A site visit to one of the collection storage facility would also be arranged

Savings Under Development

- xi) The development of Brookfield in Great Glen would cost approximately £2.5 million and would deliver annual savings of £50,000 plus net rental income of £150,000. Further work was currently underway to investigate the possibility of similar capital investments schemes.
- xii) The proposed changes to the Target Operating Model would help to deliver a more efficient service. The initial assessment had identified potential savings opportunities. These projected savings had not been included in the current MTFS as the contract had yet to be let. Once work had commenced and there was a greater understanding of the scope and level of savings it would then be reflected in the MTFS.

Health and Social Care Integration

- xiii) Health and Social Care integration continued to be a top priority for the County Council and its NHS partners as it had the potential for delivering better outcomes for people whilst also reducing costs.
- xiv) The Better Care Fund made a significant contribution to the revenue budget to support social care services. The BCF programme is due to cease in 2020 but the expectation was that it would either continue in a different form and the funding for social care services would continue.

Capital Programme

- xv) The Capital Programme was noted.

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
22 JANUARY 2019

MEDIUM TERM FINANCIAL STRATEGY 2019/20 – 2022/23

MINUTE EXTRACT

Medium Term Financial Strategy 2019/20 – 2022/23

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 2019/20 to 2022/23 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. Mr Ould praised the work of the officers in ensuring that the budget was as positive as could be expected.

Arising from the discussion, the following points were raised:

Service Transformation

- i) Concern was raised around the lack of certainty of future contributions from partner funding and the Government's Troubled Families grant to support the Supporting Leicestershire Families (SLF) programme. This would equate to a loss of £2.3 million of income from October 2020. The Office of the Police and Crime Commissioner had recently confirmed the continuation of funding towards the SLF programme. The Cabinet Lead Member reported that there was to be a ministerial visit to Leicestershire on 7 February to discuss the programme, and support for SLF had been received from Ministers. A report was due to be presented to the March meeting of the Committee on the evaluation of the Early Help Review.

Proposed Revenue Budget

- ii) The revenue budget had not taken into account any pay or price inflation. A central contingency was held which would be allocated to services as necessary.

Growth

- iii) Attention was drawn to G2 – Supporting Leicestershire Families – transition to a new model when external funding ceases. The 2018/19 MTFS had made provision of £1 million per annum for 2018/19 and 2019/20, after which this funding would be removed.

- iv) Other significant areas of growth included Unaccompanied Asylum Seeking Children, due to the volatility of this area, and the use of agency staff in Children's Social Care. Although the Department's Recruitment and Retention Strategy was starting to have a positive impact, there would be an ongoing need for agency staff to cover vacancies.

Savings

- v) There were no new savings against the Department's budgets in this MTFs.
- vi) It was noted that the annual target for CF2 – Growing Mainstream Internal Foster Carer Provision – had fallen short in 2018/19. However, this had been offset by the savings achieved from the recruitment of specialist foster carers, and it was anticipated that the target would be fully achieved in 2019/20 as a result of successful recruitment campaigns. Members highlighted that, whilst increasing foster carer provision did deliver savings for the department, it was also a better way of delivering services.
- vii) The contract for Wrap Around Therapeutic Services had now commenced and savings were expected to accrue from 2020/21. An update on the progress of this would be provided to the Committee in due course.
- viii) With regard to the savings from disabled children's respite care, it was noted that this related to the review of a specific contract to ensure that a greater range of options for respite care were available to service users.

Dedicated Schools Grant/Schools Block

- ix) Under the National Funding Formula, there was a mixed picture as to how schools were managing financially. A new project had been developed to work with schools to look at developing their financial capacity as there were some concerns around the way schools were forecasting their budgets. A new post would be recruited to, for two years, to work with schools on their budgets in order to get a clear picture of the situation. The County Council had also considered a number of factors which could indicate whether a school was operating well financially, but no correlation had been found between the school's position and any specific funding.
- x) In terms of the teacher's pay increase, schools had received a grant, which had commenced in September 2018, to cover the cost of the teacher's pay award. This was funded on a per pupil basis and the general response that had been received from schools was that this was covering the cost. A new grant was also expected in September 2019 to cover the increase in the employer's contribution to the teacher pension scheme.
- xi) In relation to a query around the National Funding Formula calculating notional school allocations based upon pupil characteristics, it was stated that this ensured that schools were given the same amount of funding for pupils with the same characteristics, irrespective of where the school was located. However, there would still be a degree of unequal funding to local

authorities, as specific characteristics such as deprivation, low attainment and the receipt of free school meals, determined different levels of funding.

- xii) The financial challenges faced by Church of England schools was significant, with more than half of all such schools nationally at risk of becoming insolvent over the next few years. It was therefore pleasing to note the work being undertaken in respect of school financial planning.

High Needs

- xiii) The confirmed level of funding for the High Needs DSG was detailed in the report; no inflationary increases had been assumed although it was hoped that they would be made available.

Specific Grants

- xiv) It was difficult to confirm when some of the specific grants for the department would be allocated. In particular, the Early Years DSG grant would not be confirmed until June 2020, which was after the 2019/20 financial year. There was no indication that any of the grants would not be available for the 2018/19 financial year.
- xv) The County Council acted as the conduit for maintained schools in relation to grants around maintained school sixth forms, pupil premium, universal infant free school meals, and the PE and Sports grant.
- xvi) The government had now confirmed that it would fund the additional responsibilities associated with the Virtual School until 2020.
- xvii) The Youth Justice Good Practice grant had not yet been confirmed. It was assumed that it would be at the same level as 2018/19, but if this was not the case, it would perhaps be necessary to make some reductions to services. Previous reductions in service had not prevented the County Council from meeting its statutory requirements. However, if further reductions in service were made this could be a risk.

Capital Programme

- xviii) The programme focused on two significant areas, one of which was the need to provide additional primary school places. An estimated 895 additional places would be delivered in 2019/20. In response to a query, it was not possible to ensure that these places would only be allocated to Leicestershire county children. The County Council had a duty to ensure that there were sufficient school places within the county for the children of Leicestershire; this was the case.

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 28 January 2019.