



SCRUTINY COMMISSION: 27 JANUARY 2020

MEDIUM TERM FINANCIAL STRATEGY 2020/21 – 2023/24

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

Purpose of Report

1. The purpose of this report is to:
 - a) provide information on the proposed 2020/21 to 2023/24 Medium Term Financial Strategy (MTFS) as it relates to the Chief Executive's Department; and
 - b) ask 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 2019. This has been the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2020/21 – 2023/24 was considered by the Cabinet on 17 December 2019.

Background

3. The MTFS is set out in the report to Cabinet on 17 December 2019, 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 the 7 February 2020 before recommending an MTFS, including a budget and capital programme for 2020/21, to the County Council on the 19 February 2020.

Service Transformation

5. The work of the Chief Executive's Department includes: Legal Services, Democratic Services and Civic and Member Support, Strategy and Business Intelligence (including Resilience, Communities and Economic Growth), Planning and the Historic and Natural Environment and Regulatory Services which includes Trading Standards and Registration and Coronial services.

6. The Council has established a Growth Unit to co-ordinate the Council's contribution to the delivery of major growth projects and to help manage the financial and other risks associated with growth-related infrastructure provision.

Proposed Revenue Budget

7. Table 1 below summarises the proposed 2020/21 revenue budget and provisional budgets for the next three years thereafter. The proposed 2020/21 revenue budget is shown in detail in Appendix A.

Table 1 – Revenue Budget 2020/21 to 2023/24

	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000
Original prior year budget	10,623	11,635	11,710	11,710
Budget transfers and adjustments	347	0	0	0
Add proposed growth (Appendix B)	800	75	0	0
Less proposed savings (Appendix B)	-135	0	0	0
Proposed/Provisional budget	11,635	11,710	11,710	11,710

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 2019 triennial actuarial revaluation of the pension fund.
10. The total proposed expenditure budget for 2020/21 is £17.9 million with contributions from grants, fees and charges and other income sources totalling £6.3 million. The proposed net budget for 2020/21 of £11.6 million is distributed as shown in Table 2 below:

Table 2 - Net Budget 2020/21

	£000	%
Democratic Services and Civic and Member Support	1,638	14.1
Legal Services	2,357	20.3
Strategy and Business Intelligence	4,443	38.2
Emergency Management and Resilience	283	2.4
Regulatory Services	2,444	21.0
Planning, Historic and Natural Environment	439	3.7

	£000	%
Departmental Items	31	0.3
Total	11,635	100.0

Budget Transfers and Adjustments

11. A number of budget transfers (totalling a net increase of £0.3 million) were made during the 2019/20 financial year.
12. 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
13. This star rating is included in the descriptions set out for growth and savings below.
14. Savings have also been highlighted as 'Eff' or 'SR' dependent on whether the saving is seen as an efficiency or service reduction or a mixture of both. 'Inc' denotes those savings that are funding related and/or generate more income.

Growth

15. Details of proposed growth are set out in Appendix B and provide for an additional £0.9 million per annum by 2023/24. These are described in the following paragraphs.
16. *G30 Hardship and Crisis Support Service; £60,000 in 2020/21

The service comprises a combination of crisis and hardship provision of food, fuel and reused furniture and white goods. The current annual cost of the service is £205,000 which is funded in 2019/20 by a combination of the existing budget provision of £145,000 topped up by remaining earmarked reserves. The Service is delivered in partnership with all district councils and a range of Voluntary, Community and Social Enterprise (VCSE) organisations. The reasons for people needing support include benefits sanctions and delayed payments, budgetary and debt problems, homelessness, crime and domestic abuse. The Service supports people to leave prison, refuges and other temporary accommodation and to move into more secure housing.

17. G31: Increased demand on Coroner's Service; £100,000 in 2020/21

Coronial services are funded and administered by the relevant local authority. The role of HM Coroner is to investigate and record the causes and circumstances of all sudden deaths where the cause is not known, violent or unnatural deaths and any death which occurred whilst the deceased was in lawful custody. There are two coronial areas encompassing Leicestershire. The North Leicestershire and Rutland Coroner's Service is administered by the County Council and subject to recharge to Rutland Council. The Leicester City and South Leicestershire Coroner's Service is administered by Leicester City Council, although the County Council is required to meet 40% of the cost of delivering the service based on an approximate pro-rata volume of work with the proportion to be contributed by each Council being fixed by the Ministry of Justice. HM Coroners are judicial postholders and expenditure can be difficult to predict, but the overall trend is an increase in the volume and complexity of cases as a result of an increase in population numbers and a change in the scope of inquests subject to coronial inquiry. In previous years Leicester City Council required contributions substantially above their forecasted expenditure.

18. G32: Registrar of births and deaths - legislation changes; £25,000 in 2020/21

Changes to the way in which marriages are registered will require the service to process marriage registrations and issue certificates from all religious establishments. This is predicted to require administration support for an additional 600 marriages per annum. There will be some income, but it is not sufficient to cover the costs.

Additional resources are required to meet the increase in demand for the registration of births. There are national performance indicators for registering 90% of deaths within five days.

Opposite sex civil partnerships commenced in December 2019, for which demand and income is currently unknown.

The growth is required to maintain service levels taking into account the projected annual population growth for the county of Leicestershire. (approx. 4,200 per annum).

19. G33: Business Intelligence - support C&FS and E&T; £115,000 in 2020/21 rising to £190,000 in 2021/22

Increased capacity is required to:

- Provide additional business intelligence support for the Children and Family Services Department. In particular, additional support is required to support SEND/High Needs Block intelligence – an area of high expenditure and at high risk of costs escalating – hence the need for better quality data, at a pupil level, to predict demand and identify opportunities to achieve savings. Work is also urgently needed to set up new systems and robust daily management information following restructuring in the department and the establishment of the Children and Family Wellbeing Service. This will

provide daily insight to enable more efficient planning and delivery of frontline services, better decision making and the ability to measure interventions more accurately.

- Provide additional business intelligence support for the Environment and Transport Department. This resource will enable the provision of daily operational data to enable more efficient deployment of resources in highways and data-driven decision making. It will also provide Business Intelligence support to underpin the climate emergency work.
- The resource will also work alongside the Transformation Unit in both departments to provide the evidence to drive strategic change.

20. G34: Growth Unit - manage increased infrastructure programme; £500,000 in 2020/21

The Cabinet at its meeting on 24th May 2019 recognised the significant financial risks facing the County Council in delivering the infrastructure necessary to support growth in the county. The establishment of a central Growth Unit, based in the Chief Executive's Department, is intended to ensure that essential infrastructure and public services are planned over the short, medium and long term and that the risks associated with the Council's financial contribution to large scale growth and infrastructure projects are tightly managed.

The Growth Unit, which will report directly to the Assistant Chief Executive, is currently being set up and a budget of £0.5 million has been allocated for 2020/21 onwards. Once the Growth Manager posts have been appointed to and the full structure confirmed, the forecast for 2020/21 can be fully updated.

Savings

21. Details of proposed savings are set out in Appendix B and total £0.1 million in 2020/21. These are detailed in the following paragraphs.

22. *CE1: Inc Legal Services Income; £40,000 in 2020/21

The rate charged for external legal advice to the Council's trading partners is being reviewed to ensure that it reflects the Council's commercial strategy. It is also intended to review the charging arrangements for s106 and highway agreements following benchmarking which is likely to increase the income to the legal services budget.

23. *CE2: SR/Eff Review of grants and contracts across Communities, Policy and Resilience services; £85,000 in 2020/21

To deliver the MTFs targets, a review of all grants, contracts and VCSE funding arrangements will be undertaken. A VCSE policy statement has been developed setting out the Council's approach to working with the sector. The revised approach will actively seek to promote joint working and cooperation across the

sector, eliminate duplication of effort and costs, and provide a more sustainable, transparent and fair approach to funding. The new VCSE policy statement and review of funding arrangements will build on and complement the Communities Strategy, Strategic Plan, Leicestershire Compact and Social Value Policy.

24. *CE3: Inc Planning, Historic and Natural Environment Fee Income; £10,000 in 2020/21

As income has been in excess of the budgeted value in the past, a target for additional income generation has been set.

Savings Under Development

25. The Department has been requested to identify £500,000 of additional savings from 2020/21. The Department will convene a working group to review the achievement of this potential additional savings target.

External Influences

26. EU Exit

Following the UK's departure from the EU, both Regulatory Services, Trading Standards, and Legal Services will experience a significant increase in the demand for their services because of new regulatory frameworks that will come into effect, which may impact on the achievement of the MTFS in 2020/21. Depending on the nature of the Exit from the EU (e.g. with or without a deal) there may also be implications for the work of the Resilience and Business Continuity Team and the Economic Growth Team.

27. Demand Led Activity

Many of the services delivered by Legal Services and Regulatory Services, Trading Standards, Coroners and Registrars, are demand led. The expected growth in the local population, especially the average age of residents, will increase the demand on services. Consumer fraud is on the increase, which will place more demand on Trading Standards to tackle scams and other forms of financial crime.

Other Funding Sources

28. For 2020/21, the following government grant is expected:

The Local Reform and Community Voices Grant (£280,000 in 2019/20) 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 2020/21.

Capital Programme

29. The Chief Executive's Department capital programme totals £1.0 million in 2020/21 and £8.8 million over the next four years. Details are provided at Appendix C and in the following paragraphs.

30. Superfast Broadband

The previous Rural Broadband Scheme reported in the 2019 MTFS assumed that the programme would deliver universal superfast broadband coverage across the county. The Phase 3 contract was awarded to BT Openreach on 6 August 2019 and covers the West of the county only. Phase 4, which will extend broadband provision in the East of the county, is currently being tendered.

Phase 1 of the Programme which was formally closed in 2018/19 is expected to generate £2m for Leicestershire County Council from the return of Gainshare. This is a profit-sharing mechanism that redresses any over public subsidy. The monies will be received between 2018 and 2023 and will be used to repay the capital funding.

31. Shire Community Solutions Grants

The funding requested is to continue the capital scheme at the present level of funding of £0.1 million per year. There is also an annual revenue budget of £0.25 million per year in the current MTFS. The Shire Community Grants scheme provides funding to voluntary and community sector organisations for projects supporting implementation of the Communities Strategy, in particular to support of vulnerable and disadvantaged people and communities. Providing support to these communities in the form of grant funded projects should also reduce demand for Council services in the longer term.

Background Papers

Cabinet 17 December 2019 - Medium Term Financial Strategy 2020/21 to 2023/24
<http://politics.leics.gov.uk/documents/s150282/MTFS%202020-24%20-%20Cab%20171219%20final.pdf>

Circulation under Local Issues Alert Procedure

None.

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List of Appendices

Appendix A – Revenue Budget 2020/21

Appendix B – Growth & Savings 2020/21 – 2023/24

Appendix C – Capital Programme 2020/21 – 2023/24

Equality and Human Rights implications

32. 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.

33. 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.

34. 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.