



SCRUTINY COMMISSION - 25 JANUARY 2021

MEDIUM TERM FINANCIAL STRATEGY 2021/22 – 2024/25

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 2021/22 to 2024/25 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 2020. This has been the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2021/22 to 2024/25 was considered by the Cabinet on 15th December 2020.

Background

3. The MTFS is set out in the report to Cabinet on 15th December 2020, 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 have been presented to the relevant Overview and Scrutiny Committees. The Cabinet will consider the results of the scrutiny process on the 5th February 2021 before recommending an MTFS, including a budget and capital programme for 2021/22, to the County Council on the 17th February 2021.

Service Transformation

5. The functions delivered by the Chief Executive's Department play critical roles in supporting transformation and the Department takes the corporate lead on developing and delivering the Strategic Plan and the Communities Strategy.

The work of the Chief Executive's Department includes: Legal Services, Democratic 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, Registration and Coronial services.

6. The Department is co-ordinating the Council's response to Covid-19 and the end of the EU Exit transition period through the involvement of Departmental Management Team (DMT) members, Heads of Service and many staff, including the partnership-funded Resilience Team. These two incidents, together with other possible incidents (seasonal flu, floods, storms etc) are expected to place substantial demands on the Department for the rest of 2020/21 and into 2021/22. Regulatory Services and the Resilience Team have been especially involved but with other sections also very actively committed to supporting the Council's response. Longer term recovery work will remain a priority for many years, including for the Economic Growth and Communities teams.

Proposed Revenue Budget

7. Table 1 below summarises the proposed 2021/22 revenue budget and provisional budgets for the next three years thereafter. The proposed 2021/22 revenue budget is shown in detail in Appendix A.

Table 1 – Revenue Budget 2021/22 to 2024/25

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Original prior year budget	11,805	12,458	12,438	12,368
Budget transfers and adjustments	463	0	0	0
Add proposed growth (Appendix B)	395	5	5	-230
Less proposed savings (Appendix B)	-205	-25	-75	-75
Proposed/Provisional budget	12,458	12,438	12,368	12,063

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 2021/22 is £17.9 million with contributions from grants, fees and charges and other income sources totalling £5.4 million. The proposed net budget for 2021/22 of £12.5 million is distributed as shown in Table 2 below:

Table 2 - Net Budget 2021/22

	£000	%
Democratic Services and Civic and Member Support	1,654	13.3
Legal Services	2,575	20.7
Strategy and Business Intelligence	4,936	39.6
Emergency Management and Resilience	302	2.4
Regulatory Services	2,613	21.0
Planning, Historic and Natural Environment	497	4.0
Departmental Items	-119	-1.0
Total	12,458	100.0

Budget Transfers and Adjustments

11. A number of budget transfers (totalling a net increase of £0.46 million) were made during the 2020/21 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 £0.2 million per annum by 2024/25. These are described in the following paragraphs.
16. *G18: Business Intelligence - support C&FS and E&T; £75,000 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.
- Work alongside the Transformation Unit in both departments to provide the evidence to drive strategic change. This will include working with Newton Europe in Children and Family Services.

17. G19: Connectivity (Broadband) Team - formalise revenue funding; £220,000 in 2021/22, £225,000 in 2022/23, £230,000 in 2023/24 reducing to zero in 2024/25

This growth bid formalises the funding of the Connectivity (Broadband Team), which has historically been offset against future expected gainshare returns. Formalising the revenue funding of the team to 31 March 2024 will provide greater flexibility in relation to the deployment of future gainshare income. However, potential sources of external funding for the team will continue to be explored alongside funding for the infrastructure.

18. G20: Legal Services – support increased caseload; £100,000 in 2021/22

The Service is proposing to increase capacity by 1FTE solicitor post and 1FTE paralegal post. The increased capacity is required in two areas:

Adult Social Care (1FTE paralegal)

There is an increase in instructions in adult services. Creating an additional paralegal post will enable the in-house solicitors to focus on the more demanding and complex legal work required in the litigation (drafting robust responses, managing the court process, advocacy and providing clear advice).

Contracts and Procurement (1FTE solicitor)

Additional capacity is required to meet client department demand led legal work in the Contracts team. For example:

- Within the Environment and Transport Department there is an increase in Highways work requiring specialist knowledge and the Waste section are

undertaking a competitive procurement process involving a contract value of £450m over a 24-year period.

- The volume and complexity of contracts from the Adults and Communities Department has steadily increased due to the Health & Social Care Integration agenda and contractual and procurement implications of the rising cost of social care.
- There is an increase in the number of partnership working arrangements due to joint commissioning of public health and social care. Legal Services take the lead given their specialist knowledge and understanding

When Legal Services do not have the capacity to undertake work in-house this has to be externalised to solicitors in private practice, counsel or by using supernumerary locum staff. This is costly and Legal Services do not have a budget for this. Currently the cost is transferred to the appropriate service department, but consideration will be given to transferring this to Legal Services going forwards in line with the general direction of travel for support services. In respect of Contracts legal work, the cost to the Council of external solicitors to date this year is approximately £360,000.

Savings

19. Details of proposed savings are set out in Appendix B and total £0.4 million by 2024/25. These are detailed in the following paragraphs.

20. CE1: Eff Business Support Review: £50,000 in 2021/22

The Department has conducted a light touch review of Business Support and concluded that efficiency savings can be found across all sections of the Department through reviewing the function to identify if this can be provided in a more streamlined way, maximising digital processes where possible and reviewing where there may be processes that can reasonably be avoided without risk.

21. CE2: SR/Eff Staffing (Vacancy control and agency costs); £100,000 in 2021/22 rising to £200,000 in 2024/25

The Department has implemented stringent expenditure controls as well as a recruitment freeze, which will continue throughout the MTFs period. All vacancies will be scrutinised via a newly established board and, where a post is to be recruited, there will be a time lag between the postholder leaving and a new appointee starting which will contribute to the savings.

The Department is reliant on using agency staff at times for certain posts due to the shortage of certain skills within the marketplace, particularly in Regulatory services, Legal Services and Planning Historic and Natural Environment. Stricter controls are to be applied to this through scrutiny via the newly established board and it is also expected that specific recruitment incentive packages will assist in making the Council a more competitive employer in the

market place. The impact of the pandemic and home-working has also extended the geographic pool of potential candidates for appointment which will assist the Department in avoiding costly agency placements.

These savings will be found from all sections within the Department.

22. CE3: SR Paperless Meetings; £30,000 in 2021/22

Prior to the pandemic, the Department had agreed to trial paperless meetings. The onset of the pandemic has brought forward that trial and Members now receive electronic papers, accessed via County Council provided hardware. Paper copies have only been provided upon request to a small number of Members where a need has been demonstrated.

The intention is to continue with paperless meetings in the future which will reduce printing and postage costs.

23. CE4: Inc Planning, Historic and Natural Environment - Fee Income; £25,000 in 2021/22 rising to £100,000 in 2024/25

There is an expectation that Planning Application fees will be the subject of a Government review in 2023 but in the interim, fees will be reviewed and adjusted to generate and maximise additional income.

Savings Under Development

24. The Department has been requested to identify £600,000 of additional savings by 2024/25, of which £380,000 has already been identified by the departmental working group. The Department will also endeavour to identify an additional £100,000 savings to offset the additional growth requested. The group will continue its work to identify the remaining £320,000 before the end of the MTFS period. Options under consideration are detailed below.

25. Case Management

A review will be undertaken looking at case management processes and the potential to exploit digitalisation to identify further efficiencies in how all Services operate.

26. Economic Development

A structural review looking at what benefits can be created by bringing together the Growth Unit, Economic Growth team and Broadband team.

External Influences

27. The Department will continue to support the Council's response to the Covid-19 pandemic, which will place additional pressure on business as usual and the Communities, Resilience, Trading Standards, Coroner's and Legal services sections.

Following the UK's departure from the EU, Trading Standards and Legal Services will experience a significant increase in the demand for their services with the new regulatory framework that will come into effect in due course which may impact on the achievement of the MTFs in 2021/22 and beyond. There may also be implications for the work of the Resilience Team and the Economic Growth Team.

28. If and when a Devolution White Paper is published (possibly in 2021) there is likely to be additional demand on most sections of the Department.
29. All the services delivered by Legal, Trading Standards, Coroners and Registrars are demand led. The expected growth in the local population, coupled with the increase in 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.
30. The planning fee income will be subject to any national guidance or regulations that may be issued in due course. Whilst all sections in the Department will be affected by the general economic position, it is likely that this will impact the Planning, Historic and Natural Environment most significantly if there is a downturn in development.
31. Increases in Legal Services fee income are limited to the rules that apply to an in-house local authority legal department to the effect that charges imposed are to recover costs and not make a profit. Accordingly, existing notional hourly rates for the Council's professional legal staff will be reviewed. Legal Services is also restricted in its ability to undertake traded work with non-council clients requiring Regulatory Body approval. Legal Services will monitor any relaxations in restrictions to be able to explore this opportunity further. In the meantime, it will promote its expertise and availability through the 'buy- back' scheme it operates to provide legal advice and support to Leicestershire academy trusts and schools.

Other Funding Sources

32. For 2021/22, the following Government grant is expected:

The Local Reform and Community Voices Grant (£294,000 in 2020/21) 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 2021/22.

Capital Programme

33. The Chief Executive's Department capital programme totals £1.9 million in 2021/22 and £2.2million over the next four years. Details are provided at Appendix C and in the following paragraphs.

34. Superfast Broadband

The Phase 3 Broadband contract was awarded to BT Openreach on 6 August 2019 and covers the West of the County only. Phase 4 of the Rural Broadband Scheme, which planned to extend broadband provision in the East of the County, failed to receive any tenders by the July 2020 deadline. Further opportunities to deliver gigabit capable broadband to the remaining unserved residential and business premises in east Leicestershire are currently being explored. The potential for external funding for this is being investigated in parallel, which may reduce the future capital investment required.

35. 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 £0.35 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 the 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 15 December 2020 - Medium Term Financial Strategy 2021/22 to 2024/25
<http://politics.leics.gov.uk/documents/b16058/Medium%20Term%20Financial%20Strategy%20202122%20-%20202425%20-%20Proposals%20for%20Consultation%20-%20Supplementary%20Report.pdf?T=9>

Circulation under Local Issues Alert Procedure

None.

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List of Appendices

Appendix A – Revenue Budget 2021/22

Appendix B – Growth & Savings 2021/22 – 2024/25

Appendix C – Capital Programme 2021/22 – 2024/25

Equality and Human Rights implications

36. 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.
37. 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.
38. 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.

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