



SCRUTINY COMMISSION - 30th JANUARY 2023

MEDIUM TERM FINANCIAL STRATEGY 2023/24 – 2026/27
CHIEF EXECUTIVE'S DEPARTMENT

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 2023/24 – 2026/27 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 2022. This has been the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2023/24 – 2026/27 was considered by the Cabinet on 16th December 2022.

Background

3. The MTFS is set out in the report to Cabinet on 16th December 2022, 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 10th February 2023 before recommending an MTFS, including a budget and capital programme for 2022/23, to the County Council on the 22nd February 2023

Service Transformation

5. The functions delivered by the Chief Executive's Department play critical roles in supporting transformation and lawful decision- making in accordance with

public sector legal and governance requirements. 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, Economic Growth and Planning and the Historic and Natural Environment) and Regulatory Services which includes Trading Standards, Registration and Coronial services the latter of which is subject to a consultation on merger of coronial areas with the Leicestershire South coronial area to be determined by the Lord Chancellor's department.

6. The Department has resilience responsibilities (including, for example, in relation to issues such as the Council's response to Covid-19, the impact of the EU Exit, and cases of Avian Influenza) through the involvement of Departmental Management Team (DMT) members, Heads of Service and many staff, including the partnership-funded Resilience Team. The current Avian Influenza breakout together with other possible incidents (seasonal flu, floods, storms, industrial action etc) are expected to place substantial demands on the Department for the rest of 2022/23 and into 2023/24. Regulatory Services and the Resilience Team have been especially involved (but with other sections also involved) and very actively committed to supporting the Council's response. Longer term recovery work to the Covid-19 challenge 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 2023/24 revenue budget and provisional budgets for the next three years thereafter. The proposed 2023/24 revenue budget is shown in detail in Appendix A.

Table 1 – Revenue Budget 2023/24 to 2026/27

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Original prior year budget	12,875	14,908	14,778	14,773
Budget transfers and adjustments	2,963	0	0	0
Add proposed growth (Appendix B)	-35	0	0	0
Less proposed savings (Appendix B)	-895	-130	-5	0
Proposed/Provisional budget	14,908	14,778	14,773	14,773

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 a 1.1% increase in the employers' contribution to the Local Government Pension Scheme in 2023/24 only, based upon the latest triennial actuarial revaluation of the pension fund.

10. The total proposed expenditure budget for 2023/24 is £21.4 million with contributions from grants, fees and charges and other income sources totalling £6.5 million. The proposed net budget for 2023/24 of £14.9 million is distributed as shown in Table 2 below:

Table 2 - Net Budget 2023/24

	£000	%
Democratic Services and Civic and Member Support	1,639	11.0
Legal Services	4,425	29.7
Strategy and Business Intelligence	5,138	34.5
Emergency Management and Resilience	358	2.4
Regulatory Services	3,053	20.5
Planning, Historic and Natural Environment	428	2.9
Departmental Items	-133	-0.9
Total	14,908	100.0

Budget Transfers and Adjustments

11. Budget transfers totalling a net increase of £2.9m were made during the 2022/23 financial year. These transfers are:
- £1.2m for pay and pension inflation (including the apprenticeship levy) transferred from the central inflation contingency
 - £1.8m transferred from a number of Departments for external Legal and associated litigation costs (mainly court issue fees payable to HMCTS and expert evidence fees).
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 a reduction in the growth previously applied of £0.35m in 2023/24. This is described in the following paragraph.
16. **G14: Connectivity (Broadband) Team - formalise revenue funding; -£35,000 in 2023/24

This growth bid formalised the funding of the Connectivity (Digital Team), as the cost of the team had historically been offset against future expected gainshare receipts. Formalising the revenue funding of the team on an ongoing basis will provide greater flexibility in relation to the deployment of future gainshare returns received and enable the team to continue to exploit external sources of funding for digital connectivity across the county.

Savings

17. Details of proposed savings are set out in Appendix B and total £1,030 million by 2026/27. These are detailed in the following paragraphs.
18. *CE1: SR/Eff Staffing (Vacancy control and agency costs); £50,000 in 2023/24 rising to £100,000 in 2024/25

All vacancies are scrutinised via the Department's recruitment and expenditure board assisted by advice from Corporate Resources and HR Business support. Where there is a vacancy, there is generally 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 a shortage of skills within the marketplace. This applies especially in Regulatory services, Legal services and Planning Historic and Natural Environment. Stricter controls are being applied to this through scrutiny via the board. It is also expected that the recruitment incentive packages will assist in making the council more competitive in the marketplace as an employer. The impact of the pandemic and hybrid working has also extended the geographic pool of potential candidates for appointment which it is expected will assist the department to avoid costly agency placements.

19. **CE2: Inc Planning, Historic and Natural Environment - Fee Income; £35,000 in 2023/24 rising to £60,000 in 2024/25

The increased planning application fees targets have been set based on recent years' income trends, which have shown a steady increase in planning application fees income. However, the first six months of 2022/23 suggest a significant reduction in planning application fees income, but it is expected that high income-generating planning applications will be submitted once again in the 2023/24 financial year.

It is expected that there will be a national review of planning application fees following the Levelling Up and Regeneration Bill gaining Royal Assent but at present no date has been set for the secondary legislation which will flow from this and which will be required to achieve the new fee structure. Based on the frequency of previous reviews, it is estimated that this may take place in 2023 or 2024.

20. **CE3: Eff Review of Legal Case Management and New Ways of Working; £200,000 in 2023/24

A review of case work systems and processes was undertaken in Legal Services in partnership with Newton Europe assisted by colleagues in the Transformation Unit. The purpose of the review was to identify efficiencies and provide savings to the Legal Services budget.

The outcome of the review will be used to inform efficiencies across the department thorough sharing knowledge and good practice.

£100,000 of the CE3 target has been achieved and working with colleagues in the TU, a means of achieving the balance of £100,000 has been identified through a number of initiatives.

21. CE4: Inc Democratic Services Income; £15,000 in 2023/24, £20,000 in 2024/25 and £25,000 in 2025/26

Democratic Services provides services to the following external bodies ESPO, the Combined Fire Authority and the Pensions Board. As part of the MTFs the section has undertaken a review of its charges some of which have not been reviewed for a number of years. That review also includes an agreement to allow for an annual uprating to allow for pay and other inflationary increases.

22. CE5: Eff Heritage team structure review; £20,000 in 2023/24

The limited number of LCC planning applications requiring dedicated historic building advice, does not warrant the on-going provision or cost of retaining in-house staffing/advice. Historic buildings advice is now predominantly provided by the District and Borough Councils.

23. CE6: Inc Trading Standards Charging Review; £25,000 in 2023/24

A review of the fees charged by Trading Standards will be conducted to identify where charges can be increased without reducing the demand for the service.

24. CE7: SR Review of SHIRE Grants Programme; £550,000 in 2023/24 and £600,000 in 2024/25

A review of the SHIRE grants programme, which provides grant funding to charities and other voluntary/ community organisations and social enterprises, will be conducted to consider if the programme achieves Value for money and whether it should cease in full or part. The grants programme is a mechanism

for investing in community-based projects which provide solutions to local issues and provide an important contribution to the Safe and Well and Improved Opportunities Strategic plan outcomes. These include:

- Community-based Mental Health recovery and wellbeing services
- Services for people experiencing homelessness, substance misuse issues or who have been victims of domestic and/or sexual abuse/violence
- Projects supporting people who are experiencing financial hardship, energy and fuel poverty
- Projects which help to reduce loneliness and social isolation in communities
- Projects for people of all ages experiencing a range of disabilities/long term health conditions

Savings Under Development

25. Increased Income Generation

Increased income generation from partners and other bodies by leveraging an increase in existing charges and exploring further support provision. A number of areas are in scope including but not limited to: Business Intelligence, Ecology and heritage advice, Freeport management/admin and additional Planning, Historic and Natural Environment fee income.

26. Department Structure and Functions

Undertake a full review of business support, and revisit existing structure and functions to identify wider opportunities across the department. Potential to reduce duplication with other departments, or to move functions to provide better collaboration and service delivery.

27. Process and Service Efficiencies

A detailed review will be undertaken of areas where there is high volume of standardised work to consider if there are efficiencies that can be achieved through streamlining processes or greater digitalisation. This work will link in with emerging corporate programmes around customer and automation to support departmental and corporate savings

28. CEX Corporate Review –Data Strategy

Instigation of a data strategy, aligning IT and Business Intelligence to drive a culture of data-led performance management across the Council. Review the infrastructure, skills, roles and responsibilities required to deliver the Data Strategy for the council to improve data management practices and identify where data collection could be improved and/or automated – driving efficiencies.

The project is underway and in discovery stages with board oversight in place. Gartner are providing strategic and peer challenge and support and have sizable experience in this area.

29. CEX Corporate Review - Communities

Detailed review of service including consideration of other departmental needs and activities, staffing and efficiencies, grants provision and management, and partner contributions to overheads. Project underway and in discovery stages with board oversight in place.

30. CEX Corporate Review – Growth Functions

Detailed review of how growth is managed across the council including but not limited to provision of housing, commercial space and infrastructure (including broadband), activity which supports businesses to grow and helps people access work (eg skills/ training provision), and measures to support growth consistent with net zero and environmental objectives. The review has recently received approval to commence by Transformation Delivery Board and is now at an early stage.

31. Further CEX Corporate Reviews

Reviews of the following services in the Strategy and Business Intelligence Branch and closely related services based in other Departments under the branch: Policy and Strategy, Consultation and Engagement. Scoping papers have been prepared.

32. Place Marketing Team

Through discussions with partners, seek to secure revenue funding from the Business Rates Pool to replace the funding currently provided by the County Council and City Council.

External Influences

33. The Department will continue to support the Council's response to the Covid-19 recovery as well as managing the current Avian Influenza outbreak which will place additional pressure on business as usual and the Communities, Resilience, Trading Standards services.
34. The Levelling Up and Regeneration Bill which is expected to receive Royal Assent in May 2023 is likely to create additional demand on most sections of the Department.
35. 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 certain services. Consumer fraud is on the increase, which will place more demand on Trading Standards to tackle scams and other forms of financial crime.
36. 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, there is the potential that this will

impact the Planning, Historic and Natural Environment most significantly if there is a continuing downturn in development.

37. 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 and will explore other options around recruitment (for example specialist advocacy posts) to reduce external expenditure.

Other Funding Sources

38. For 2023/24, the following Government grant is expected:
The Local Reform and Community Voices Grant (£294,000 expected in 2022/23) 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 2023/24.

Capital Programme

39. The Chief Executive's Department capital programme totals £0.15 million in 2023/24 and £0.25million over the four years. Details are provided at Appendix C and in the following paragraphs.

40. **Shire Community Solutions Grants**

The funding requested is to continue the capital scheme at a reduced level of funding of £0.05 million in 2023/24. The Shire Community Grants scheme provides funding to voluntary and community sector organisations for projects supporting the 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.

41. **Legal Case Management System**

Dependent on the outcome of the review of case management and ways of working, there may be a requirement for a new case management system to enable better case management and data analysis. £200,000 has been included in the capital programme subject to a business case. The current system is not meeting the needs of the service in full. A new system has the potential to allow greater understanding of case load per lawyer and cost per case as well as the opportunity to streamline processes and maximise the use

of standard and template material where possible. The system will need to include a case bundling system as at present this is time and labour intensive, reliant on a software package that is not compatible with the current system. The system will also need to allow the continued use of electronic case filing systems to avoid a return to paper files.

Equality implications

42. 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.
43. 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.
44. 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.

Human Rights Implications

45. There are no human rights implications arising from the recommendations in this report.

Background Papers

Cabinet 16 December 2022 - Medium Term Financial Strategy 2023/24 to 2026/27
[\(Public Pack\)Item 4 - MTFS supplementary report Agenda Supplement for Cabinet, 16/12/2022 11:00 \(leics.gov.uk\)](#)

Circulation under Local Issues Alert Procedure

None.

Officers to Contact

John Sinnott, Chief Executive
 Tel: 0116 305 6000
 E-mail: john.sinnott@leics.gov.uk

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

Tom Purnell, Assistant Chief Executive
Tel: 0116 306 7019
E-mail: tom.purnell@leics.gov.uk

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

List of Appendices

Appendix A – Revenue Budget 2023/24

Appendix B – Growth & Savings 2023/24 – 2026/27

Appendix C – Capital Programme 2023/24 – 2026/27