



**SCRUTINY COMMISSION: 29<sup>TH</sup> JANUARY 2024**

**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 2024/25 to 2027/28 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 2023. This has been the subject of a comprehensive review and revision in light of the current economic circumstances. The draft MTFS for 2024/25 to 2027/28 was considered by the Cabinet on 19<sup>th</sup> December 2023.

**Background**

3. The MTFS is set out in the report to Cabinet on 19<sup>th</sup> December 2023, 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 which is the Commission for this department. The Cabinet will consider the results of the scrutiny process on 9<sup>th</sup> February 2024 before recommending an MTFS, including a budget and capital programme for 2024/25, to the County Council on 21<sup>st</sup> February 2024.

**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 consideration in relation to future arrangements.

6. The Department has resilience responsibilities (including, for example, in relation to issues such as the Council's response to Covid-19, flooding and other severe weather events and cases of Avian Influenza) through the involvement of Departmental Management Team (DMT) members, Heads of Service and the partnership-funded Resilience Team.

### **Proposed Revenue Budget**

7. Table 1 below summarises the proposed 2024/25 revenue budget and provisional budgets for the three years thereafter. The proposed 2024/25 revenue budget is shown in detail in Appendix A.

**Table 1 – Revenue Budget 2024/25 to 2027/28**

|                                    | <b>2024/25<br/>£000</b> | <b>2025/26<br/>£000</b> | <b>2026/27<br/>£000</b> | <b>2027/28<br/>£000</b> |
|------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Original prior year budget         | 14,909                  | 15,525                  | 15,510                  | 15,500                  |
| Budget transfers and adjustments   | 571                     | 0                       | 0                       | 0                       |
| Add proposed growth (Appendix B)   | 345                     | 0                       | 0                       | 0                       |
| Less proposed savings (Appendix B) | -300                    | -15                     | -10                     | -10                     |
| <b>Proposed/Provisional budget</b> | <b>15,525</b>           | <b>15,510</b>           | <b>15,500</b>           | <b>15,490</b>           |

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 latest Leicestershire Local Government Pension Scheme (LGPS) triennial actuarial assessment indicates that there is not a requirement to increase the employer contribution rate in subsequent years. The position will be reviewed in future MTFS refresh exercises.
10. The total proposed expenditure budget for 2024/25 is £21.4 million with contributions from grants, fees and charges and other income sources totalling £5.9 million. The proposed net budget for 2024/25 of £15.5 million is distributed as shown in Table 2 below:

**Table 2 - Net Budget 2024/25**

|  | <b>£000</b>   | <b>%</b>     |
|--|---------------|--------------|
| Democratic Services and Civic and Member Support | 1,585         | 10.0         |
| Legal Services                                   | 4,640         | 30.0         |
| Strategy and Business Intelligence               | 5,006         | 32.3         |
| Emergency Management and Resilience              | 364           | 2.3          |
| Regulatory Services                              | 3,492         | 22.5         |
| Planning, Historic and Natural Environment       | 586           | 3.8          |
| Departmental Items                               | -148          | -0.9         |
|  |               |              |
| <b>Total</b>                                     | <b>15,525</b> | <b>100.0</b> |

### **Budget Transfers and Adjustments**

11. Budget transfers totalling a net increase of £0.6million were made during the 2023/24 financial year. The majority of this relates to the inflationary uplift of £0.4 million for the Coroner's budget following the increase in University Hospitals of Leicester NHS Trust's costs.
12. Budget transfers to cover the additional costs associated with the 2023/24 pay award are still to be finalised but will be reflected in the final MTFS to be reported to Cabinet.
13. 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
14. This star rating is included in the descriptions set out for growth and savings below.
15. 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**

16. Details of proposed growth are set out in Appendix B and provide for an additional £0.345 million per annum by 2024/25. These are described in the following paragraphs.

17. G27 Trading Standards – Additional Resources; £150,000 in 2024/25

The Trading Standards Service continues to experience an increase in demand from external factors: new burdens on food safety and other enforcement, an increase in consumer fraud and the increase in the number and diversity of businesses operating in Leicestershire. There is insufficient capacity to address this additional demand and the service requires an additional £150,000 per annum to increase staffing resource by 3.0 FTE Grade 11 Trading Standards Officers which is essential to manage the delivery of the Council's statutory duties. Without additional resources the risks of reputational and legal challenge will increase as more high-risk incidents are not identified or actioned for further enquiries. There is also a potential risk to health.

18. G28 Legal Services – Additional Property & Environment Solicitors; £140,000 in 2024/25

Legal Services is seeking growth to meet the costs of two additional FTE solicitors (within grades 11 to 13) to work within its Property and Environment Team. If permanent solicitors are not recruited, client departments will be required to fund locum support. It is intended that one solicitor would support the Children and Family Service (by focussing on education sufficiency work) and the second solicitor would support the Environment and Transport Department (by undertaking work in connection with developer agreements). This growth is supported by the relevant service Directors.

19. G29 Legal Services – Additional Adult Social Care Solicitor; £70,000 in 2024/25

An additional 1.0 FTE solicitor (grades 11 to 13) is required within the Adult Social Care legal team. This growth is to meet the increased demand for legal representation in the Court of Protection (COP) as a result of a sustained increase in welfare applications made by the County Council since Covid, which have risen from an historical average of 7 cases a year to an average of 18 a year post Covid (period 01/01/20 to date), and a very significant increase in appeals against deprivation of liberty authorisation assessments to the COP. Numbers are forecast to reach 80 this calendar year - in comparison with a previous average of 32 for the calendar year 2022. The total cost of an in-house solicitor is £70,000 (including on costs) compared to an approximate cost of £170,000 to outsource the extra work to private practice. This growth is supported by the relevant service Director.

20. G30 Demand Management; -£15,000 in 2024/25

Growth requests have been offset by a target £15,000 reduction from demand management activities. As yet, no specific measures have been identified, however, the Department will develop an action plan to manage demand in the growth bid areas.

## Savings

21. Details of proposed savings are set out in Appendix B and total £0.335m by 2027/28. These are detailed in the following paragraphs.

22. \*CE1: SR/Eff Staffing (Vacancy control and agency reduction); £50,000 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 and are now subject to further enhanced Level 2 controls. Where there is a vacancy, there is generally a time lag between the postholder leaving and a new appointee starting, which will also 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 the Planning and Historic and Natural Environment Service. Stricter controls are being applied to this through scrutiny via the board and the enhanced controls. 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 in meeting its objective of avoiding costly agency placements.

23. \*CE2: Inc Planning, Historic and Natural Environment - Fee Income; £25,000 in 2024/25

The increased planning application fees targets were based on historic income trends, which had shown a steady increase in planning application fees income. However, in 2022/23 there was a significant reduction in planning application fees income, and this trend has continued in the 2023/24 financial year.

There has been a national review of planning fees with an increase of 35% for major developments and 25% for all other developments. The increase came into force on the 6<sup>th</sup> December 2023. Whilst the increase is to be welcomed it is not within the County Councils control as to how many and when planning applications are to be submitted.

24. \*CE3: Inc Democratic Services Income; £5,000 in 2024/25 rising to £10,000 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. That review also included an agreement to allow for an annual uprating to allow for pay and other inflationary increases.

25. CE4: Eff Democratic Services Staffing Review; £15,000 in 2024/25

The Democratic Services Head of Service (HoS) Action Plan proposed a change to the senior management structure of the service. The resulting reduction of 0.2 FTE HoS has been reflected as a saving.

26. CE5: SR Civic Hospitality Review; £20,000 in 2024/25

Following Covid, a number of functions have not been reinstated resulting in the proposed saving.

27. CE6: Eff Trading Standards Review; £15,000 in 2024/25 rising to £45,000 in 2027/28

The Trading Standards service review undertaken by the Transformation Unit identified a number of additional income opportunities and efficiencies.

28. CE7: Inc Police and Crime Panel Contribution; £50,000 in 2024/25

From 2024/25, the County Council assumes responsibility for hosting the Police and Crime Panel from Leicester City Council. The additional income is in the form of a grant from the Home Office.

29. CE8: Inc Registrars Fees and Income £120,000 in 2024/25

The current wedding ceremony diary projects greater demand for wedding ceremonies and fees not controlled by statute will be increased by 5% per annum for the next 3 years.

30. Considering the scale of the challenge faced by the Council to balance the MTFS, existing financial control measures are being reinforced and new ones being applied to ensure a tight focus on eliminating non-essential spend. Inevitably, further savings beyond those identified in this report will be needed and where possible included in the final MTFS.

### **Savings Under Development**

31. SUD 1: 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 Accountable Body and support services and additional Planning, Historic and Natural Environment fee income.

32. SUD 2: Process and Service Efficiencies

No savings identified yet. The Transformation Unit is carrying out a rolling review of each service within the department to identify opportunities for efficiencies. The review commenced with Trading Standards (now completed) and has moved on to Democratic Services and Civic and Member Services in October 2023 and will be publishing its recommendations during the last quarter of the current financial year. The reviews require significant time from service areas and support services so timing and prioritisation will be essential. Potential savings will be identified at the completion of each service review.

### 33. SUD 3: Biodiversity Net Gain

No savings identified yet. The Biodiversity Net Gain (BNG) legislation brings an opportunity for the authority to implement a chargeable BNG advisory service. There has been limited guidance provided to date regarding statutory BNG requirements and its introduction has been delayed from the original November 2023 start date.

### External Influences

34. The Levelling Up and Regeneration Act 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 2024/25, the following Government grant is expected:  
The Local Reform and Community Voices Grant (£294,000 expected in 2023/24) 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 both 2023/24 and 2024/25.

## **Capital Programme**

39. The Chief Executive's Department capital programme totals £0.1 million in 2024/25 and £0.2m over the four years. The detail is provided at Appendix C and in the following paragraph.

### 40. Legal Case Management System

There are ongoing concerns in relation to the functionality of the legal case management software in use, which does not currently provide sufficient detail to be able to support a data driven approach to improving work/case load planning, make efficiencies and streamline processes. Investigations are currently underway to establish if an upgrade or add-on to the current package is possible to provide the necessary case management tools for Legal Services without the cost and disruption of introducing a new system. If this is not possible, a review of available systems on the market and a cost benefit analysis will be undertaken ahead of a new system being procured.

## **Background Papers**

Cabinet 19 December 2023 - Medium Term Financial Strategy 2024/25 to 2027/28  
<https://politics.leics.gov.uk/documents/g7081/Public%20reports%20pack%20Tuesday%2019-Dec-2023%2014.00%20Cabinet.pdf?T=10>

## **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](mailto:john.sinnott@leics.gov.uk)

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

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

Declan Keegan, Director of Corporate Resources, Corporate Resources Department  
Tel: 0116 305 7668  
E-mail: [declan.keegan@leics.gov.uk](mailto:declan.keegan@leics.gov.uk)



## **List of Appendices**

Appendix A – Revenue Budget 2024/25

Appendix B – Growth & Savings 2024/25– 2027/28

Appendix C – Capital Programme 2024/25– 2027/28

## **Equality implications**

41. 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.
42. 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.
43. 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**

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

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