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SCRUTINY COMMISSION: 28th JANUARY 2009

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

MEDIUM TERM FINANCIAL STRATEGY 2009/10 – 2012/13 CHIEF EXECUTIVES & CORPORATE GROWTH

Purpose

1. This report provides information on the proposed 2009/10 to 2012/13 Medium Term Financial Strategy (MTFS).

Background

2. The County Council agreed the MTFS in February 2008. The current process involves updating and refining the strategy. The draft MTFS was approved by Cabinet on 13th January for consideration in the scrutiny process.
3. Reports such as this one are being presented to the relevant Overview and Scrutiny Committees and to the Scrutiny Commission. Cabinet will consider the results of the scrutiny process before recommending a budget and capital programme to the County Council on the 25th February.

Financial Strategy

4. The overall position on the MTFS is set out in the report to Cabinet on 13th January, 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 and deals with Corporate Growth.

Proposed revenue budget

5. The table below summarises the proposed 2009/10 revenue budget and provisional budgets for the next three years. The proposed 2009/10 revenue budget is shown in detail in Appendix A.

Table One – Summary Proposed Budget 2009/10 and Provisional Budgets for 2010/11 to 2012/13

	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000
1. Updated original budget	9,514	10,267	9,697	9,877
2. Inflation to outturn	310	260	310	320
3. Previous years growth and savings (2008/09)	30	-50	0	0
3. Other changes	58	0	0	0
5. Sub Total	9,912	10,477	10,007	10,197
6. Add proposed growth (Appendix B)	665	-520	0	0
7. Less proposed savings (Appendix C)	-310	-260	-130	-140
Proposed/Provisional budget at outturn prices (Appendix A)	10,267	9,697	9,877	10,057

6. The 2008/09 budget includes inflation of:
 - Pay @ 2.5%;
 - Additional employers pension contributions of 1.2% of pay;
 - Running costs 2.5%
 - Income 2.8%
 - Where inflation exceeds these assumptions specific growth is included.
7. The figures for 2010/11, 2011/12 and 2012/13 are provisional and are based upon available information.
8. Variations on growth and savings approved to commence in 2008/09 or earlier years are shown in line 3 of the above table. New proposals or those agreed in the current MTFS due to start in 2009/10 or later years are shown in lines 6 and 7.

Full Year Effect of Previous Year's Growth and Savings

9. The full year effect of 2008/09 growth of £30,000 arises from increased costs of Community Engagement in supporting the work of the Community Forums (approved in 2007/08).

Other Changes

10. A number of transfers were undertaken during the last financial year, which has resulted in a net budget increase of £58,000 on the 2008/09 original budget. Part of the Insurance Section (-£92,000) and the Information Provision team (£144,000) transferred to Corporate Resources, together with the Department's contribution towards the Business Analyst (£16,000) and Internal Communications (£25,000) posts. Growth for the New Local Government Network subscription (£10,000) transferred from Central Items to the Department as did £141,000 from Community Services for the Regeneration Team.

Growth

11. Details of growth proposals are set out in Appendix B.

Demand and cost increases

12. The Local Government Minister has confirmed that the date of the 2009 Local Elections is to be held on the same day as the European elections, which are scheduled for June 2009. The costs for the County Council (50%) are estimated to be £500,000 based on 2005 elections, the introduction of postal voting and additional costs associated with the Election Result Service.
13. In order to copy or reuse copyright articles and information from published magazines, journals, periodicals or books in a lawful manner the authority is required to have a copyright licence. Licence subscription for 2009 will cost £20,000.
14. Over the last couple of years demand for legal advice to deal with consortia, companies and shared services has grown significantly. This is expected to continue with the advent of shared services with Nottinghamshire County Council and the Economic Development Company/joint work with Leicester City Council on economic development and regeneration. To deal with such legal matters an additional solicitor post is required at an estimated cost of £50,000.
15. With a view to meeting the change agenda for shared service provision, Legal Services have proposed to adopt a more market based approach to selling its services to statutory and regional bodies as well as other local authorities. Such services would include the formation of improved contracting arrangements, time recording, charging systems, indemnities and insurance arrangements and complaints procedures. To implement this initiative a temporary post of Administrative Officer is required to assist in reviewing working practices, improve administration support and ensure sufficient systems are in place. This set up cost cannot be accommodated within the existing budget hence growth of £20,000 has been requested for 2009/10 only. It is expected that the future on-going arrangement will be self financing.
16. Additional survey work is to be undertaken on a sub-regional basis to measure the confidence of the public in the work of the Police and councils in tackling crime and anti-social behaviour. An analysis of anti-social behaviour incidents through the Police led Inter-Agency Community Safety Bureaux is also required. The Authority's share of the partnership contribution to the cost of these projects will be £25,000.

Reduced Income

17. Over the last few years part of the Local Area Agreement (LAA) reward grant (£50,000) has been used to fund the Domestic Violence Outreach service. With no specific domestic violence target within the new LAA, funding has ceased. The work of the Domestic Violence Outreach service, however, is vital to contributing to the safer communities element of the Sustainable Community Strategy and as such will continue to require funding.

Corporate Growth

18. In building on the initial success of the IMPACT project, additional funding of £300,000 is required to enable the IMPACT teams to work flexibly in more areas of the county at

any one time; to be able to respond more quickly to emerging problems in local areas and also focus on areas where anti-social behaviour is more entrenched.

19. The Pitt Report to the Government, which was published November 2008 places responsibility on upper tier councils for the management and drainage of surface water. In response to this a climate change study into highway adaptations was undertaken and the final report and action plan is due in January 2009. It is anticipated that additional funding of £150,000 will be required to fund the costs associated with research into material specification, drainage asset gathering and resilience arrangements. A discussion is taking place with the other City and County Councils in the region to see if additional costs arising from the Pitt Report can be pooled and economies achieved. Pending the outcome of that discussion, it is proposed to hold this growth funding centrally.
20. As part of a national drive to encourage the take-up of sporting/physical activities, free swimming is to be made available to residents in the under 16 and over 60 age groups. The cost of providing this service is expected to be greater than the funding provided by Central Government. To fund part of the gap the Authority has agreed to make a contribution of £80,000. The remaining part of the balance is to be funded by district councils and the PCT.
21. The County Council has established with the City Council and other partners new arrangements to promote the economic prosperity of the sub region. A leadership function (led by the two authorities) to determine strategy and resource allocation has been established. This function will be supported by a new staff group based at the City Council. In addition an Economic Development Company is to be established from the 1st April to increase capacity to implement economic improvements including physical development and regeneration, business support and enterprise and inward investment/investor support across the County and City. The funding of £375,000 will allow the County Council to play a full part in the implementation of these improvements.
22. To take forward the County Council motion from December 2007 agreed by all parties, additional funding of £100,000 in 2009/10 reducing to £30,000 in 2010/11 has been made available for the recognition and support of armed forces locally. This will include the commissioning of a sculpture for a war memorial at County Hall, ongoing support for the maintenance of existing memorials and to allow the Council to respond to any particular needs requested by local servicemen/women and their families.
23. In order to deal with the growth of debt cases handled by the county's Citizens' Advice Bureaux and to allow them to develop services with the Clockwise Credit Union additional funding of £100,000 has been made available. This will result in a doubling of the existing grant funding.
24. A provision of £200,000 in 2011/12 has been set aside to ensure there is sufficient funding in the medium/longer term for joint working on public health with the NHS. For 2009/10 and 2010/11 funding is planned to be available through the Local Area Agreement (LAA).

25. Extra funding will be necessary to meet regional plans and demands that will be placed on the authority from delivering sustainable additional housing growth. Associated costs include long term transport planning; improved modeling and data collection; and supporting the district councils in developing Local Development Frameworks that are sustainable and deliverable. Current estimates suggest an additional £200,000 will be required for 2009/10, rising to £355,000 in 2010/11 and falling to £255,000 in 2012/13.
26. Developing the management and leadership capability in the County Council is a key priority that underpins the delivery of excellent services. Only through clear expectations for managers and a meaningful development programme will the Council develop this. A review of management training is being undertaken which will be completed by end of March 2009. However it is clear that additional funding of £150,000 will be required in order to provide an appropriate management and leadership development programme for managers across the organisation.
27. The recent Corporate Complaints Assessment highlighted the need for the Council to further develop its corporate complaints processes. Customer complaints are an important source of information which enables services to improve. It is proposed to create a small corporate complaints function for which additional funding of £50,000 is required.
28. Other corporate growth of £200,000 in 2009/10 rising to £700,000 in 2010/11 has been made available for corporate growth. £200,000 is to ensure that Voluntary Actions and Volunteer Centres have stable core funding to enable them to carry out their role as service delivery partners and to provide community hubs for their districts as part of the revised arrangements for the Voluntary and Community sector. This provision also covers the increase in rent for the County Sport Partnership in its proposed move to the Loughborough University Sport Park (£3,750 in 2009/12, £15,000 ongoing). The balance will be required to continue the corporate programme of change. The programme is funded through a combination of one-off resources (LABGI and LAA reward grant) and the base budget. One-off resources will reduce from 2010/11 onwards.

Savings

29. Details of savings requirements are set out in Appendix B.

Efficiency

30. All activities of the Department are being reviewed to identify where savings can be realised to meet the Department's efficiency targets. This is an ongoing process.
31. To date administration savings of £135,000 in 2009/10 have been identified. These mainly relate to staffing savings resulting from reviews of Administrative and Secretarial Staff (£40,000), Democratic Services (£30,000) and Legal Services (£21,000). A renegotiation of the tourism activities of Leicestershire Promotions (£15,000) and changes to Youth Support (£30,000) enabled by the Youth Impact Project Growth make up the remainder.

32. A further £135,000 savings in 2009/10 have been identified in relation to Catering. This savings target relates to a fundamental review of the County Hall Catering Services which is currently underway. The review brings together the identification of efficiency savings and improvements with a restructuring of the services provided to meet changing needs, linked to the Accommodation Review and Work Well Programme.
33. Other identified savings (£40,000) comprise a number of small savings. Work is still ongoing to identify other savings of £40,000 to meet the Department's efficiency target in subsequent years (£100,000 in 2010/11, £230,000 in 2011/12 and £370,000 in 2012/13).

Specific Grants

34. Specific grants relate primarily to the work of the Drugs and Alcohol Action Team (DAAT) and Youth Justice and Safer Communities and derive from either the Home Office, Youth Justice Board or the Area Based Grant. The grant allocations have not yet been released, however specific grants expected to be received in 2009/10 are listed in table two. To provide an indication of the level of grant funding anticipated, allocations received in 2008/09 are also shown.

Table Two – Specific Grants

	2008/09 £000
Drug Intervention Programme (Home Office Grant)	436,258
Drugs Strategy Partnership Support Grant (Area Based Grant)	95,970
Youth Offending Service Drugs Grant: (Area Based Grant)	12,708
(Youth Justice Board)	70,916
Youth Offending Service (Youth Justice Board Grant)	386,313
Youth Offending Service Prevention Grant (Youth Justice Board)	277,523

Capital Programme

35. A summary of the proposed Capital Programme is set out in Table three below. The detailed programme is set out in Appendix C. The capital programme is funded by a combination of capital receipts, borrowing and external grants.

Table Three – Summary Capital Programme

Project	2009/10 £000	2010/11 £000	2011/12 £000	2012/13 £000
Better Places	50	50	50	0
Protecting and Enhancing Rural Leicestershire	85	85	85	100
Total	135	135	135	100

Details of Projects

36. The Better Places capital scheme acts as a pool of money to match fund a number of individual schemes arising in each of the main towns and rural centres across the county. Projects currently being worked on range from public realm schemes such as Earl Shilton Town Centre and Devonshire Square, Loughborough, through to community based projects such as Bagworth Community Centre and Barwell Access Centre.
37. The Protecting and Enhancing Rural Leicestershire Scheme is used to build on the authority's on-going programme of capital grants through the Leicestershire Rural Partnership (LRP). For 2009/10 the allocation will be used to support projects around access to services for rural communities (£35,000); rural economy programme (£20,000); grants to parish councils for ICT infrastructure (£15,000); and enhancing local community ICT infrastructure (£15,000).

Recommendation

38. Members are asked to consider the report and any response they may wish to make to the Cabinet.

Equal opportunities implications

39. There are no discernable equal opportunity implications as a result of the proposed MTFS. All capital projects undergo appropriate planning to ensure that the needs of all users are taken into account. This will include the intellectual as well as the physical access and cover both services provided as well as buildings they are provided from.

Background Papers

MTFS – Cabinet 13th January 2009.

Circulation Under Sensitive Issues

None.

Officer to Contact

Pat Sartoris 0116 305 7642.

Appendices

Appendix A – Revenue budget 2009/10

Appendix B – Growth and Savings 2009/10 to 2012/13

Appendix C – Capital Programme 2009/10 to 2012/13

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