

# APPENDIX 1



## **BUDGET AND PERFORMANCE MONITORING SCRUTINY PANEL** **- 25 JANUARY 2009**

### **MEDIUM TERM FINANCIAL STRATEGY 2010/11 TO 2013/14**

#### **MINUTE EXTRACT**

**[Note :- The Panel has considered and commented on the overall position on the Medium Term Financial Strategy (MTFS) and how the MTFS relates to the budgets of the Corporate Resources Department, the Chief Executive's Department and Corporate Growth, and the Highways Transportation and Waste Management Department].**

#### **MTFS Context Setting and Overall Position**

The Panel considered an oral report of Director of Corporate Resources concerning the Medium Term Financial Strategy for the period 2010/11 to 2013/14.

The Chairman welcomed to the meeting the Leader of the Council, Mr. D. R. Parsons CC, the Deputy Leader, Mr J. B. Rhodes CC, and the Cabinet Lead Member for Resources Mr M. B Page CC who were attending for this item.

The Panel was advised that since the proposed MTFS report was presented to Cabinet on 12<sup>th</sup> January 2010, the 2010/11 Government grant settlement figures had been confirmed but other changes would require the proposed budget to be amended as follows:-

- The growth bid in the Chief Executive's budget for 'Promoting Democracy' was now not required for 2010/11 as the Government had announced a delay in implementing the legislation;
- There was a one-off surplus on the Collection Fund of £70,000;
- The changes in the Council Tax base had resulted in an ongoing increase of £28,000;
- These, together with other changes had resulted in an increase (mainly one-off) in revenue of £200,000 which the Cabinet would be recommended to credit to the reserve for severance/invest to save costs.

The budget assumptions included:-

- Zero provision for pay and inflation in 2010/11 which was consistent with the line being taken by the Local Government Employers Organisation;
- An ongoing decrease in Government funding of 2% per annum for the last three years of the Strategy;
- Targeted savings of £66million of which £19 million would be efficiency savings;
- Protection for some specific areas of the budget e.g. Safeguarding Children and Adults.

In response to questions the Panel was advised as follows:-

- a) Approximately 650 posts would be deleted from the establishment over the period of the MTFs. The aim was to keep compulsory redundancies to a minimum and to that end a recruitment freeze had now been imposed on administrative and clerical posts. Other posts would be subject to careful scrutiny prior to these being filled. This coupled with the current turnover rate of approximately 10% would allow a large number of the 650 posts to be deleted by natural wastage;
- b) There were risks associated with the delivery of the very challenging efficiency targets, particularly in later years of the MTFs. The Council had put in place robust project management and monitoring arrangements to ensure that the efficiency programmes that had been instituted remained on target to deliver. Nevertheless, given the scale of the efficiency target and the need for meeting potential redundancy costs, a contingency fund had been built into the budget;
- c) The County Council together with the City Council, Police and Health bodies had embarked on an ambitious Joint Change Programme arising from the Leicester and Leicestershire Total Place Pilot. This programme had identified opportunities for joint working (single services) which could yield significant efficiencies. Examples included the potential development of a single Research and Information Service, Learning and Development and joint commissioning of services. The Leader of the Council had invited District Councils to demonstrate a collective approach to efficiency savings in order to engage with this programme but to date little progress had been made;
- d) Given the current state of Government debt and concerns about debt rating it was anticipated that following the General Election there would be significant reductions in public sector expenditure and consequently a risk that the Government would reduce the level of specific grants to local authorities. Whilst some provision had been made in the budget, if the

reduction in specific grant were to be significant this would impact adversely on the MTFS and service provision.

- e) The level of Council Tax increase for years two and three of the Strategy would be 2.5%. In accordance with a commitment made by the Administration, this would convert to a zero percentage increase for Council Tax payers given the Conservative Party's commitment to provide additional grant support to those Authorities keeping Council tax increases at 2.5% or below, should they form a government. The Administration also planned to keep Council tax at 0% for the final year of the Strategy;
- f) The position on earmarked and non earmarked reserves would be reported to the Scrutiny Commission on 3<sup>rd</sup> February and the Cabinet on 9<sup>th</sup> February 2010.

## **Corporate Resources Department**

The Panel considered report of Director of Corporate Resources concerning the Medium Term Financial Strategy for the period 2010/11 to 2013/14 as it relates to the Corporate Resources Department. A copy of the report is filed with these minutes.

The Chairman welcomed to the meeting the Lead Member for Resources, Mr M. B. Page CC who was attending for this item.

In response to questions the Panel was advised as follows:-

- a) The majority of savings were to be achieved as efficiency savings. The only two areas where there might be some reduction in service related to:-
  - i) ICT support for the 'Leicestershire Villages' website though it was hoped to offset this by increased income by making the software available to other Councils;
  - ii) A reduction in the opening hours of the Customer Service Centre by reducing morning shift hours when demand had been shown to be low.
- b) The replacement Sports facilities (£1million) were part of the package agreed with Sport England following the sale of the existing sports field to the University Hospitals Trust which had generated a capital receipt of £3million;
- c) Each year £300,000 of the surplus generated from the Industrial Properties portfolio was taken as a contribution to the Council's budget. Any surplus above this amount was utilised for improvements to the existing portfolio or added to the Industrial Properties reserve for investment purposes. Discussions were underway with Leicester City Council the District Councils and Prospect Leicestershire to explore the possibility of a shared service;
- d) The savings of £100,000 on Learning and Development budgets would be achieved by centralization of the service with further savings likely to accrue from improved procurement. This was another area of service where the possibility of a joint working with other partners was being explored. Some progress had been made in developing, in partnership with Warwick University Business School, a middle managers course for employees of the County Council, City Council, Police and Health bodies;
- e) The review of storage referred to in paragraph 20 had just commenced and was linked to the office accommodation strategy. The aim was to costily release office accommodation currently used for storage of documents which would in future be stored off site;

- f) The £9 million referred to as 'Other Changes' shown in table 1 of the report referred to the ongoing consolidation of support service functions such as ICT, Human Resources, Finance in line with a newly agreed 'target operating model' which would lead to greater efficiencies.
- g) The additional contribution to Charnwood Citizen's Advice Bureau was to cover the increased accommodation cost as a result of moving offices. Details of this additional cost would be provided to members of the Panel and to the Scrutiny Commission.

## **Chief Executive's Department and Corporate Growth**

The Panel considered a report of the Chief Executive and Director of Corporate Resources concerning the Medium Term Financial Strategy for the period 2010/11 to 2013/14 as it relates to the Chief Executive's Department and Corporate Growth. A copy of the report, marked 'C', is filed with these minutes.

The Chairman welcomed to the meeting the Leader of the Council, Mr. D. R. Parsons CC, the Deputy Leader and Cabinet Lead Member for Safer Communities and Regulatory Services, Mr J. B. Rhodes CC, and the Cabinet Lead Member for Resources Mr M. B Page CC, who were attending for this item.

In response to questions the Panel was advised as follows:-

- a) The reduction in growth for recognition of and support for armed forces locally of £70,000, (identified in paragraph 9 of the report) referred to a one off cost for a war memorial that was to be erected at County Hall. Annual funding of £30,000, which had been introduced to support servicemen and their families, was ongoing;
- b) A growth bid to pay for a requested increase in charges for the Coroners Service that Leicester City Council provided for the County Council (referred to in paragraph 15), was due to a change in the way future costs were to be reimbursed, from a calculation relating to place of death to that of population statistics. A briefing paper on this subject would be provided to the members of the Panel;
- c) The reduction in service income (referred to in paragraph 16) for the Independent Domestic Violence Advisory Service was due to a two year fixed grant from the Home Office and Ministry of Justice ending in 2009/10. An additional £80,000 had been included in the draft budget to maintain the service provision;
- d) The level of corporate growth funding required to meet the County Council's contribution to the Government's initiative for free personal home care of £2.8 million for a full year, was of concern as sufficient grant had not been provided for the purpose. Instead the Government expected this to be met from efficiency savings through an increased provision of home care rather than residential care. As this was already the County Council's policy it was difficult to identify where additional savings could be found and representations had been made by the County Council and the Local Government Association to the Government to this effect;
- e) Where the required levels of efficiency savings had not yet been identified within specific service areas, these had been provisionally allocated for the year 2013/14. The Department was undertaking an Efficiency

Programme covering the whole Department, and as efficiency reviews were undertaken, it was possible those savings could be realised in earlier years. A review of the management structure for the Department would also be carried out;

- f) Service reviews (referred to in paragraph 24) to generate efficiency savings of £330,000 by 2012/13 included:
- i) rationalising the administrative functions across the Department into a single service;
  - ii) a review of the Youth Offending Service through:
    - a reduction of its current two offices in Hinckley and Thurmaston to one based at County Hall; and
    - a review of the administrative functions within the Service and other efficiencies including reduced travel costs and a restructure of the Service;
  - iii) a withdrawal of the County Hall catering subsidy as part of the Catering Review which was linked to the Accommodation Review. This was being achieved by reviewing the service provided, better procurement and cost controls and improved income streams.
- g) Efficiencies identified in reducing funding for the voluntary sector (referred to in paragraph 26) could be achieved as a result of the development of the countywide organisation, Voluntary Action Leicestershire. The new service enabled resources to be centralised, allowing specialist skills to be developed and the voluntary sector to be in a stronger position to deliver more efficient services across the County. The wider review of partnership performance management arrangements for the voluntary sector would identify lower priority services which no longer fitted within Council priorities and would refocus financial support on those services designed to prevent people entering the social care system;
- h) The efficiency savings earmarked for Trading Standards (paragraph 30) referred to a more “intelligence-led” approach to improve the targeting of resources through a reduction in the number of inspections and associated testing of consumer goods, including food products, to determine if businesses were complying with their legal trading standards responsibilities, particularly those judged to be low or medium risk. It was confirmed the frequency of inspections for high risk areas in food safety inspections would be maintained;
- i) Service reductions within the IMPACT project (referred to in paragraph 32) would be achieved in the main through a reduction in working hours of staff on a voluntary basis and a small reduction in the number of posts to be achieved through normal staff turnover.

- j) A reduction in routine business inspections and the consequent reduction in the requirement for the sampling of goods (identified in paragraph 34) by the Trading Standards Service would be offset through the improved targeting of this work through the greater use of intelligence from Consumer Direct and improved operational working with partners such as the Police, Her Majesty's Revenue and Customs, and neighbouring councils;
- k) The savings, rising to £180,000 by 2013/14, required in the Historic and Natural Environment service area (referred to in paragraph 35) could mean a significant reduction of up to 5 full time equivalent posts. The County Council was the provider of most of the information for, and also held the definitive records on, archaeology and ecology matters for both County and District Councils through a Service Level Agreement whereby Districts bought in that expertise. A new Service Level Agreement was currently being negotiated in order that work undertaken in relation to statutory planning functions for archaeology, ecology and building conservation, for both County and District Councils, would be maintained.



## **Highways, Transportation and Waste Management Department**

The Panel considered a joint report of the Director of Highways Transportation and Waste Management and the Director of Corporate Resources concerning the Medium Term Financial Strategy for the period 2010/11 to 2013/14 as it relates to the Highways Transportation and Waste Management Department. A copy of the report, marked D, is filed with these minutes.

The Chairman welcomed to the meeting the Cabinet Lead Member for Environment and Transport Mrs L. A. S. Pendleton CC, the Cabinet Lead Member for Waste Management Mr Kershaw and the Cabinet Lead Member for Resources Mr M. B Page CC, who were attending for this item. A copy of the report is filed with these minutes.

Mr. B. L. Pain CC declared a personal prejudicial interest in paragraph 12.1(iv) of the report in his capacity as a Director of a taxi company which received income from County Council contracts. Mr Pain informed the Chairman he would leave the meeting should any member wish to comment be made on the specific paragraph. No comments were made.

In response to questions the following responses were received:

### **Highways and Transportation**

- i) The phased Transformation of Highways Works (referred to in paragraphs 12.1(i) and (xiii) of the report) involved a number of initiatives being progressed to optimise service delivery that would help ensure that Leicestershire Highways Operations continued to maintain Leicestershire's roads to a high standard. These included:
  - reducing the number of vehicles used that could not serve more than one function; and
  - improving the stockholding of equipment and better management of working processes to avoid the need for multiple trips to depots, thus increasing the time able to be spent on-site and reducing the amount of fuel used to be more carbon efficient.
- ii) The rationalisation of the location, number and use of depots for highways operations (referred to in paragraph 12.1 (viii)) would not only yield efficiencies, but those depots falling out of use could, at the appropriate time, be sold to yield capital receipts for the Authority;
- iii) The additional income raised through selling advertising space on the sides of internal fleet vehicles (referred to in paragraph 12.1(xi)) would mean not only being able to generate outside income but would reduce the need for advertising space to be bought externally for the County Council's own campaigns, such as 'Recycle for Life';

- iv) The savings of £2.8 million by 2013/14 to be realised by removing the quick response service for non emergency carriageway work (referred to in paragraph 12.4(viii)) meant that defects would be addressed through a more planned and co-ordinated approach with gangs repairing the defects in a sequential manner, rather than driving between defects (essentially criss-crossing one another) in a less efficient manner;
- v) The range of savings, rising to £500,000 ongoing beyond 2013/14 through the invest to save street lighting programme (referred to in paragraph 12.4(i)) including dimming, part night lighting and switching off of street lamps had received positive feedback from a number of communities who wished to participate. This innovative approach to street lighting, utilising new technologies, also supported the national 'Campaign for Dark Skies' which sought to remove 'excessive, inefficient and irresponsible lighting' where it was unnecessary;
- vi) Only under distance non-statutory bus service contracts (referred to in paragraph 12.4(iii)) that fell outside the various requirements of the Education Acts to provide statutory home to school transport would be considered for removal from service. Under County Council criteria, bus services were provided for school children where the walking route to school had been assessed as not being safe for a child accompanied by a responsible adult. If those particular circumstances applied to any of the non-statutory contracts then the route suitability would be reviewed;
- vii) The policy of ensuring that 95% of the County had easy access to a local bus service would be maintained (referred to in paragraph 12.4(iv)). However those services that sat outside of this policy that did not provide value for money in terms of patronage and cost effectiveness would be reviewed;
- viii) The general increase in fares for discretionary home to school transport (referred to in paragraph 12.4(vi)) would lead to a standardised fare system per annum of £300 up to age 11 and £400 up to age 16. There would be no increase of the current £240 annual charge for over 16 students and those pupils attending denominational schools. The current fare paying charge was based on mileage travelled with a minimum £240 payment;
- ix) The reduction in the number of grass cuts (referred to in paragraph 12.4(vii)) would mean, following an increase to the number of cuts in 2009/10 following problems encountered in 2008 through a change in contract and exceptional weather causing increased grass growth. The key element of environmental maintenance was to have a flexible service and a more prudent approach was to be taken in future with the grass being cut when required. The decreased cutting frequency would have a beneficial reduction in the Council's carbon footprint through reduced travelling and fuel costs;

- x) As the grass cutting contract contained a provision for cleaning up grass it was not considered that the service would have an adverse impact on the Local Area Agreement Performance Indicator 195b - Improved street and environmental cleanliness (levels of detritus);
- xi) In relation to parking enforcement, there were no proposals for penalty charge notice processing to be tendered out to the private sector arising from a deficit in this budget area. There had been active management of the service in the previous 12 months which had realised a reduction in the deficit of £70,000 and the service was now working towards balancing its budget in future years;
- xii) The reference to the contribution of £211,100 to Leicester City Council for 'Traffic Control' (detailed in Appendix A - Revenue Budget 2010-11) referred to the maintenance and operation of traffic signals by the Area Traffic Control Centre, delivered by the City Council under a service level agreement dating back to 1997. It was noted that the City had withdrawn some costs from the Centre and the County Council would seek to ensure its future contributions reflected the level of service received. It was noted this could be a subject for a future Scrutiny Review Panel.

### Environment Services

- xiii) The proposed reductions in Environment Services grants over the 4 year MTFS period (referred to in paragraph 12.5(i), which would be the subject of consultation, covered the following areas:
  - SHIRE Environment Grants to reduce from £116,080 in 2009/10 to £66,840 by 2012/13;
  - SHIRE Village Hall Grants to reduce from £42,170 in 2009/10 to £24,280 by 2012/13;
  - Community Plus SHIRE Grants to reduce from £100,000 in 2009/10 to zero by 2012/13;
  - Community Plus Grants (Access Centres) to reduce from £291,420 in 2009/10 to zero by 2012/13.
- xiv) With regard to a review and reduction of Stepping Stones and Landscape Design functions (referred to in paragraph 12.5(ii)) it was not possible to be precise on staff impact as the proposed reduction would be subject to a review and action plan. There was 7 staff (5.8 FTEs) potentially affected, of which 1.5 are Stepping Stones, 3.3 were Landscape Officers and 1 a Team Leader whose responsibilities extend beyond these two areas into Green Issues. The operational budgets amounted to £58,000 and the staffing budgets to £236,000. The likely scale of impact of the full reduction would be the loss of about 4 posts and the operational budgets.

### Waste Management

- xv) There were no service cuts proposed for waste management as it was viewed to be a false economy to reduce the number of initiatives that encouraged the public to reduce and recycle waste as this only increase waste going to landfill, which in turn would increase landfill taxes payable by the County Council;
- xvi) The procurement process for a long term waste treatment facility was proceeding according to timetable;
- xvii) The County Council had been able to make use of the Coventry/Solihull/Warwickshire waste treatment facility in order to divert an additional 5,000 tonnes of waste from landfill in 2007/08 and 2009/10, increasing to 11,500 tonnes in 2010/11;
- xviii) It was requested that members of the Panel be provided with the waste management growth and savings figures contained in the report, for each year of the MTFs, linked with predicted waste tonnages in a tabular form.

### Capital Programme

- xix) A Capital Programme had been produced for 2010/11 only, rather than the full period of the MTFs, as it was difficult to predict the level of capital spending that could be carried out in future years. This was as a result of the Government delaying its Comprehensive Spending Review for the next three year period until after the national elections to take place in 2010. It was noted 90% of the Authority's capital spending was received from Government, the levels of which were expected to decrease significantly in the medium term.

#### RESOLVED:

- a) That the report and the information now provided be noted;
- b) That the comments of the Panel be forwarded to the Scrutiny Commission for consideration at its meeting on 3<sup>rd</sup> February 2010.