

## **BUDGET AND PERFORMANCE MONITORING SCRUTINY**

### **PANEL** **25 JANUARY 2012**

## **MEDIUM TERM FINANCIAL STRATEGY 2012/13 TO 2015/16**

### **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 the Environment and Transport Department.]**

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

The Panel considered an oral report of the Director of Corporate Resources setting out the context and background to the preparation of the Medium Term Financial Strategy (MTFS) for the period 2012/13 to 2015/16. (Paragraphs 8 to 61 of the Report on the MTFS to the Cabinet on 17 January refers.)

The Panel also considered a briefing paper prepared at the request of the Leader of the Labour Group which provided information on employees earning £50,000 or more and on the estimated cost of redundancies.

The Chairman welcomed to the meeting the Deputy Leader, Mr N. J. Rushton CC and Mr J. B. Rhodes CC, Lead Member for Regulatory Services, Planning and Historic and Natural Environment.

The Director of Corporate Resources advised the Panel as follows:

- (i) The Council was facing an 8.5% reduction in funding in 2012/13, having had a 14% reduction in the previous year. This trend was likely to continue and it was expected that there would be a 40% reduction in cash terms over the period of the MTFS.
- (ii) The impact on the County Council budget of schools transferring to academies was twofold: the Delegated Schools Budget would reduce by approximately £6 - £7m; and, there would be a reduction in Formula Grant of £9m. This was based on the assumption that 80% of pupils would transfer to academies by April 2013.
- (iii) The overall savings requirement of £74m would be achieved by efficiencies contributing £49m and service reductions of £25m.

In response to questions, the Panel was advised that the County Council would continue to have statutory responsibility for the provision of home to school transport. However, as academies would be determining their own

catchment areas, the County Council would need to come to a view about the policy to be applied in relation to home to school transport.

RESOLVED:

- (a) That the oral report and information now provided be noted;
- (b) That the comments of the Panel be forwarded to the Scrutiny Commission for consideration at its meeting on 1 February 2012.

### **Corporate Resources Department**

The Panel considered the report of Director of Corporate Resources concerning the Medium Term Financial Strategy for the period 2012/13 to 2015/16 as it related to the Corporate Resources Department. A copy of the report, marked 'B', is filed with these minutes.

The following points arose from discussion and questions:

#### General

- (i) The "Other Changes and Transfers" shown in table 1, amounting to £5.425m, was primarily a result of support services transferring from Service Departments to the Corporate Resources Department in line with the Council's target operating model. The aim of the model was to centralise support services and thereby realise efficiency savings.

#### Growth

- (ii) Members welcomed the growth of £20,000 in 2013 for Mobile Customer Access Channels.

#### Savings

- (iii) With regard to the potential risk to the income currently generated by Corporate Resources from trading with schools (paragraph 33 refers), the Panel was advised the Cabinet had recently agreed a policy on trading with academies. This policy also allowed the County Council to seek to trade with schools in other authorities. The aim was to maintain 90% of the current level of traded services for the next two years, recognising that in year three, as academies mature, they might wish to look elsewhere for the purchase of services.

The County Council was finalising a brochure which would outline the range of services available to schools. It was expected that the brochure would be circulated to schools within the next week. The hope was that the County Council would be seen as the supplier of choice by schools.

A decision had been taken to locate all trading services within the Corporate Resources Department on the basis that the role of the Children and Young People's Service was changing to one of champion for children and parents and, as such, would be responsible for challenging schools.

- (iv) With regard to the shared service with Nottingham City Council, there was some slippage in the programme and hence a rephrasing of the savings. The County Council was also exploring opportunities for sharing services with other local authorities.
- (v) The proposed savings in Information Management and Strategic IT would be achieved by reducing management layers and not operational and technical staff.
- (vi) The County Council had put forward its final proposal regarding the changes to terms and conditions of staff. Trade Unions were being consulted and the outcome of the consultation should be known by mid February. The Council was hopeful that it could achieve a collective agreement.

#### Capital Programme

- (vii) The Capital Programme was noted.

#### RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments of the Panel be forwarded to the Scrutiny Commission for consideration at its meeting on 1 February 2012.

## **Chief Executive's Department**

The Panel considered the joint report of the Chief Executive and the Director of Corporate Resources concerning the Medium Term Financial Strategy for the period 2012/13 to 2015/16 as it related to the Chief Executive's Department. A copy of the report, marked 'C', is filed with these minutes.

The following points arose from discussion and questions:

### **Growth**

- (i) The Panel noted the additional growth of £20,000 for the South Leicestershire Citizens' Advice Bureau. Some Members expressed concern that Melton Voluntary Action was closing; however, it was noted that the reasons for the closure were not related to issues of funding by the County Council.
- (ii) The Panel was advised that the Developer Contribution post (G24) which was originally planned to be funded from S106 monies. As such there was a risk that developers would question the level of section 106 contributions if they became aware that a proportion was being used to fund employee costs and it was important that S106 funding was not diverted from important projects. Section 106 and Community Infrastructure Levy would be the primary source of the funding for future infrastructure projects and it was important for the Council to have officer resources in place to ensure that the needs of the County Council were reflected adequately.

### **Savings**

- (iii) The reduction of £45,000 in relation to Regional Plans and Local Development Framework (LDF) Core Strategies would mean the County Council would not be in a position to co-ordinate responses to district LDFs at the level currently provided.
- (iv) The proposed reduction to the IMPACT programme would mean a reduction in the number of sessional IMPACT workers and in the level of provision currently provided; however, arrangements would be made to prioritise service delivery to 'hot-spots'.
- (v) The proposed reduction in contribution towards Police Community Support Officers was to reflect the changes likely to result from the introduction of a Police and Crime Commissioner, to be elected in November 2012, who would have the right to determine priorities in this area. With regard to the "agreements" reached with District Councils regarding the use of funds from the reduction in Council Tax discount on second homes, the Panel was advised that this was more of an understanding than an agreement and given the current economic climate, it was important that resources were deployed in a holistic way to ensure they were targeted to priority

areas.

- (vi) The Deputy Leader indicated that, at a time of financial stringency, the Council should look towards reducing the cost of democracy (S77), a saving to be implemented mainly after the next elections. It was open to the Scrutiny Commission to consider, if it so wished, different governance arrangements that might apply in the future but the expectation was that savings would have to be made.

#### Specific Grants

- (vii) With regard to the £6m one off grant available to the Council as a result of the proposal to freeze Council Tax, the Cabinet, at its meeting on 17 January 2012, agreed proposals which would help deploy super fast broadband across the County. It was estimated that this would amount to less than £6m in the first instance and the County Council would be seeking contributions from District Councils and Broadband Delivery UK. The Deputy Leader indicated that given the substantial risks within the MTFs, it would not be prudent to allocate any remaining Grant for a specific purpose at this stage.
- (viii) The Panel was advised that information on 'Specific Grants/ External Funding' (Table Two refers), was not yet available but it would be reasonable to assume that the level of grant would be lower than in 2011/12.

#### Capital Programme

- (ix) The Panel noted the Capital Programme.

#### RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments of the Panel be forwarded to the Scrutiny Commission for consideration at its meeting on 1 February 2012.

## **Environment and Transport Department**

The Panel considered a joint report of the Director of Environment and Transport and the Director of Corporate Resources concerning the Medium Term Financial Strategy for the period 2012/13 to 2015/16 as it related to the Environment and Transport 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 R. Blunt CC and the Cabinet Lead Member for Climate Action, Mr P. C. Osborne CC who attended for this item.

The following points arose from discussion and questions:

### **General**

- (i) The Director and Cabinet Lead Members advised the Panel of the financial challenges being faced by the Department. Nevertheless the Department continued to perform well, driving out efficiencies, focusing on priority statutory obligations and considering carefully discretionary elements of the service.
- (ii) The Panel was advised that the subsidy for the Enderby Park and Ride Scheme was contained within the general bus support budget. The business case for the Enderby Park and Ride Scheme had always envisaged a level of subsidy. It was noted that the service had recently increased ridership and the subsidy was in line with that identified in the business case.

## **HIGHWAY AND TRANSPORT**

### **Growth**

- (iii) The Panel welcomed the growth allocation for SEN Transport.

### **Savings**

- (iii) With regard to road maintenance and the impact of severe winter weather on the road network, the Panel noted that the £1.5m allocated in 2011/12 had been used not only for reactive maintenance but also for preventative work, for example surface dressing.
- (iv) The reduced level of highway maintenance (S49) would now impact on the road network; however, it was noted that the County Council had one of the best road networks in the Country and was also looking at new approaches towards highway maintenance. One such approach was the clustering of patch repairs which had been

shown to reduce overall costs.

- (v) The County Council would need to revisit its current Home to School Transport policy in the light of the academies programme, particularly in relation to potential changes to catchment areas.
- (vi) The proposed saving S57, Home to School Transport, would be the subject of consultation. The proposals envisaged there would be no subsidy from the County Council for denominational and 16 plus transport.
- (vii) The Panel noted the rationale for reducing the discretionary element of the concessionary travel scheme given that the funding received from Government did not cover the cost of the statutory scheme. Nevertheless there was some concern that the impact of this reduction, together with any potential reduction in the supported bus service network, might result in greater isolation for people in rural areas. Members were assured that the Scrutiny Review Panel which was looking at the supported bus network had identified this as an issue and was exploring demand responsive transport solutions to overcome this.

## **ENVIRONMENT**

### Growth

- (viii) The growth included in the budget for recycling and reuse credits paid to District Councils was related to an increase in the rates payable to District Councils. The Panel noted that the focus of the County Council had always been on household waste but the Environment Agency and WRAP had provided support to assist small and medium sized enterprises to reduce their waste and improve recycling rates. The cost of disposal including the continuing increase in landfill tax had provided a significant financial incentive for businesses to reduce and recycle their waste.

### Capital Programme

- (ix) The capital programme allocation for the Loughborough inner relief road was particularly welcomed and it was reported there had been a number of enquiries from businesses wishing to relocate in the area.
- (x) A request was made that the County Council should explore opportunities for funding to enable a scheme to reduce traffic in Melton Town Centre to proceed. This was particularly important given the Melton LDF had identified a need for additional housing in the area but the current infrastructure would not support the required level of housing development. The Panel noted that in the current climate it was unlikely that the County Council would be

able to find the capital resources to do this and the proposed scheme would not qualify as a major scheme, thereby attracting central Government funding. Officers would nevertheless continue to work with Melton Borough Council regarding options available.

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 1 February 2012.