

**BUDGET AND PERFORMANCE MONITORING SCRUTINY PANEL**

**25 JANUARY 2012**

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

**MEDIUM TERM FINANCIAL STRATEGY 2012/13 – 2015/16  
CHIEF EXECUTIVE'S DEPARTMENT & CORPORATE GROWTH**

**Purpose**

1. The purpose of this report is to:
  - (a) provide information on the proposed 2012/13 to 2015/16 Medium Term Financial Strategy (MTFS) as it relates to the Chief Executive's Departmental budget; and
  - (b) ask the Panel to consider any issues as part of the consultation process and make any recommendations for consideration by the Scrutiny Commission.

**Background**

2. The County Council agreed the current MTFS in February 2011. This has been the subject of a comprehensive review and revision in light of the current funding circumstances. The draft MTFS for 2012/13 – 2015/16 was approved by the Cabinet on 17<sup>th</sup> January 2012 for consideration in the scrutiny process.
3. Reports such as this one are being presented to the relevant Overview and Scrutiny Committees. The views of this Panel, together with the views of the two Scrutiny Committees will be reported to the Scrutiny Commission on 1 February 2012. The Cabinet will consider the results of the scrutiny process before recommending an MTFS including a budget and capital programme for 2012/13 to the County Council on the 22 February 2012.

**Financial Strategy**

4. The MTFS is set out in the report to the Cabinet on 17 January 2012, 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 associated with the Department.

## Proposed revenue budget

5. The table below summarises the proposed 2012/13 revenue budget and provisional budgets for the next three years. The proposed 2012/13 revenue budget is shown in detail in Appendix A.

Table One – Summary Proposed Budget 2012/13 and Provisional Budgets for 2013/14 to 2015/16

	<b>2012/13 £000</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>	<b>2015/16 £000</b>
1. Updated original budget	15,927	14,067	13,469	12,860
2. Other Changes and Transfers	100	67	76	70
3. Add proposed growth (Appendix B)	95	50	0	0
4. Less proposed savings (Appendix B)	-2,055	-715	-685	-400
<b>Proposed/Provisional budget (Appendix A)</b>	<b>14,067</b>	<b>13,469</b>	<b>12,860</b>	<b>12,530</b>

6. Detailed budgets for 2012/13 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.
7. The figures for 2013/14, 2014/15 and 2015/16 are provisional.
8. The proposed net budget for 2012/13 totals £14,067,000, made up of:-

	£
Employees	13,150,934
Running Costs	<u>8,699,650</u>
Gross Costs	21,850,584
Income	<u>-7,783,584</u>
Net Budget	<u>£14,067,000</u>

## Other Changes and Transfers

9. The detailed budget includes provision for an increase in the employer's pension contributions in 2012/13 and 2013/14 based on the results of the 2010 triennial actuarial revaluation of the Pension Fund. Similar increases have been assumed in 2014/15 and 2015/16.
10. A number of transfers, which result in no increase in the County Council's overall budget, were undertaken during 2011/12. This has resulted in a net budget increase of £25,000 on the 2011/12 original budget. The main transfers were: a transfer in from Adults & Communities which is their contribution to a new Substance Misuse Treatment Service commissioned by the Substance Misuse Board (£240,000); a transfer in from Corporate Resources for the provision of support to Citizens' Advice Bureaux (£165,000); a reduction in the prior year Performance and Research staff transfer (£125,000); a transfer out to reflect the revised line management of catering (£145,000); and a further transfer to Corporate Resources to reflect the centralisation of accommodation (£75,000) and communications budgets (£40,000).

11. 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

12. This star rating is included in the descriptions set out for growth and savings below.

### **Growth**

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

### **Service Improvements**

14. \*\* G20 Coroners: £50,000 in 2012/13 rising to £100,000 in 2013/14.  
The Coroner's Service in the south of Leicestershire is provided by Leicester City Council. Following a review of the basis of the cost apportionment, requested by the City, it has been agreed to share costs on a population basis. This growth bid, in addition to the £200,000 growth in previous years, is proposed to pay for the increase in charges associated with this arrangement and the rise in demand for the Coroner's Service in the north of Leicestershire.

### **Other Growth**

15. G21 Domestic Homicide Reviews and High Risk Cases funding: £45,000 in 2012/13.  
The purpose of this growth is to meet the new statutory requirement to undertake domestic homicide reviews and to contribute to the cost of funding a post to co-ordinate multi agency action in cases of high risk domestic abuse.

16. G22 Establishment of Police & Crime Panel: £100,000 in 2012/13.  
It is proposed, with the agreement of partner authorities, that the County Council will act as host to the Police and Crime Panel to cover Leicestershire, Leicester City and Rutland. Growth is based on the need for policy and committee service support to the Panel and associated operational costs. Contributions will be requested from other member authorities.

17. G23 Support to South Leicestershire Citizens' Advice Bureau - South Wigston: £20,000 in 2012/13.  
The County Council pays the accommodation costs of the Citizens' Advice Bureaux in the County. This growth reflects the cost of the new bureau established last year.

18. G24 Developer Contribution post: £55,000 in 2012/13.  
The aim of the post is to optimise the benefit to the County Council from Section 106 agreements and the introduction of Community Infrastructure Levy (CIL).

19. G25 Leicestershire War Memorials project: £20,000 in 2012/13.  
This growth is to fund the ongoing maintenance and development of the established archive of war memorials and local people killed in service.

## **Removal of time-limited growth**

20. \* G26 Time-limited growth for Regional Plans and Local Development Framework Core Strategies: reduction of £45,000 in 2012/13.  
This item reflects the reduced funding requirement that was envisaged when the growth item was originally included in the 2009/10 MTFS.
21. \* G27 Time-limited growth for Voluntary Sector Infrastructure: reduction of £150,000 in 2012/13.  
This item reflects the one off nature of the transitional resources provided in 2011/12.

## **Corporate & Central Growth Items**

22. \* G32 Ease transition of funding levels on Home Office grant-aided services (part of £0.5m reserve to be established): reduction of £110,000 in 2012/13.  
This item reflects the one off nature of the transitional resources provided to mitigate for the reduction in specific grant from the Home Office.
23. \* G33 Elections: reduction of £85,000 in 2014/15.  
To ensure sufficient funding is available for the cost of elections, growth has been included in the MTFS to allow a reserve of £1,000,000 to be built up every four years. The initial reserve was built over three years; hence a lower annual contribution is required in the future.

## **Savings**

24. Details of savings proposals are set out in Appendix B.

## **Efficiency**

25. All activities of the Department have been reviewed to identify where savings can be realised. The proposals which have resulted have been incorporated into the draft budget and are detailed below.
26. \* S68 Planning and Historical and Natural Environment Team review: £40,000 from 2012/13.  
This review of how the Planning Service is delivered will result in a reduction in posts.
27. \* S69 Review of Management Structure; £200,000 from 2013/14.  
A review of the overall departmental management structure is expected to generate savings from staffing and associated costs.
28. \*\* S70 Democratic Services, Administration and Civic support review; £55,000 in 2012/13 rising to £95,000 in 2013/14, £100,000 in 2014/15 and to £140,000 in 2015/16.  
The review across these services will continue with increased targets. Savings are expected to be delivered in the following areas: review of the provision of administrative support across the Department (£25,000); review of how civic events are supported (£5,000); and a review of Democratic Services staffing (£110,000).

29. \*\* S71 Legal Services review: £100,000 in 2012/13, rising to £120,000 in 2013/14, to £165,000 in 2014/15 and to £185,000 in 2015/16.  
The review across Legal Services will continue with increased targets. Due to the nature of the service the majority of savings relates to staffing (£135,000), with a contribution from selling services (£30,000). The source of the balance (£20,000) in 2015/16 will be allocated when the demands upon Legal Services are clearer.
30. \*\* S72 Regulatory Services review: £180,000 in 2012/13, rising to £230,000 in 2013/14, to £260,000 in 2014/15 and to £300,000 in 2015/16.  
The savings will be made through reviews of Trading Standards (£5,000), Coroners (£60,000), Scientific Services (£95,000) and Registration Service (£65,000). The Registration Service will further contribute towards the efficiencies through increased prices including for discretionary services (£75,000).
31. \*\* S73 Community Planning review: £425,000 in 2012/13, rising to £555,000 in 2013/14, to £600,000 in 2014/15 and to £740,000 in 2015/16.  
The full year impact of the review undertaken in 2011/12 will deliver further savings in 2012/13. This will be supplemented by smaller reviews of targeted areas. The resulting savings will be primarily from staffing costs (£470,000) although reductions in associated team budgets (£100,000) and income from supplying performance information to academies (£30,000) will also contribute. The balance (£140,000) in 2015/16 will be allocated against one or more activities after assessing their relative on-going priorities.
32. \* S74 Youth Justice and Safer Communities review: £75,000 in 2012/13.  
The review of the Youth Offending Service will continue to deliver an additional £75,000 of efficiency savings.
33. \* S75 International Links activity: £25,000 in 2013/14.  
This savings relates to a fifty percent reduction in the level of activity.
34. \*\* S76 Reduce establishment control: £80,000 in 2012/13 falling to £55,000 in 2015/16.  
To reflect the reduced size of the Department, the establishment control target has been reduced. This increases the requirement to find savings by other means by £55,000.
35. \*\* S77 Reduce cost of democracy: £5,000 in 2012/13 rising to £75,000 in 2013/14.  
A reduction in expenditure of this order is considered to be appropriate and in line with the Government's intention to reduce the cost of democracy at a national level. Savings would be delivered primarily with effect from the next County Council elections. In addition to savings on expenses already made, broadband payments are being discontinued from April 2013.

### **Service reduction**

36. \* S78 Review of grants - Community Plus and Shire Grants as well as Environmental and Village Hall Grants: £290,000 in 2012/13.  
As outlined in the previous MTFs the budget available for these grants is to be reduced.

37. \* S79 Review grants / contributions including debt advice, voluntary and community infrastructure and economic development partnerships: £325,000 in 2012/13.  
The proposals are unchanged from the previous MTFS. In summary the following reductions are to be made: Citizens' Advice Bureaux debt advice funding (£90,000); contributions to the Voluntary and Community sector for community hub support and infrastructure (£150,000); and support to economic development partnerships (£85,000). In relation to the Voluntary and Community sector item transitional funding was made available in 2011/12, as indicated in paragraph 20.
38. \*\* S80 Review Planning and Historic and Natural Environmental Services: £95,000 rising to £145,000 in 2013/14, to £210,000 in 2014/15 and to £225,000 in 2015/16.  
The savings are per the previous MTFS, with a small increase (£15,000) in 2015/16. A significant proportion of the savings will be found from the Historic and Natural Environment service area, including the cessation of the Historic Building Grant (£25,000). However, the loss of income will mean that savings are required from all parts of the service.
39. \*\* S81 Trading Standards reduced enforcement, inspection and testing activity: £130,000 in 2012/13 rising to £250,000 in 2013/14, to £345,000 in 2014/15 and to £375,000 in 2015/16.  
The proposed reductions have increased since the previous MTFS, however the areas of savings are broadly similar and are as follows: reduction in rogue trader enforcement and business inspection (£250,000), reduction in goods tested (£125,000).
40. \*\* S82 Reduce contribution towards Police Community Support Officers: £90,000 in 2013/14, rising to £525,000 in 2014/15.  
It is proposed to stop the financial support for PCSOs made by the County Council. The majority of the reduction is timed so that the Police and Crime Commissioner has time to make transitional arrangements.
41. \*\* S83 Review of IMPACT programme and other services: £335,000 in 2012/13 rising to £390,000 in 2015/16.  
The proposed savings have increased by £55,000 since the last MTFS and are allocated as follows: reduction in funding to the IMPACT programme (£115,000); Next Level Café (£80,000); the Centre for Fun and Families (£45,000); Basic Skills provision (£105,000); and the Intensive Supervision Service provided by Leicester City Council (£45,000).

### **Specific Grants/External Funding**

42. In 2012/13 the County Council is expecting to receive £1,075,183 relating to the New Homes Bonus (NHB). New Homes Bonus funding was introduced by the Government to incentivise local communities to accept housing growth. The current proposals are for the bonus to be used for housing projects, although this could change in future years if the County Council is disproportionately impacted by the associated Formula Grant 'top-slice'. In this eventuality the County Council may need to consider using a proportion of NHB in future years to offset the impact of this 'top-slice'.
43. From April 2013 the County Council will take some of the responsibilities for Public Health previously undertaken by the PCT, subject to legislation. To aid the transition, indicative budgets are due to be provided shortly by the Department of Health. Details are also expected to be provided on transitional arrangements to move from the current level of funding to a national formula that takes account of inequalities. When the

funding is received by the County Council there are expected to be conditions limiting its use as well as measures to incentivise performance and efficiency targets.

44. The Government announced that a one off grant would be available to those authorities who freeze council tax in 2012/13. For the County Council this amounts to £6m. It is proposed to use this grant to support the deployment of super-fast broadband in Leicestershire. The actual expenditure by the County Council is expected to be significantly less than £6m, but due to the significant financial uncertainties surrounding the programme the entire council tax freeze grant has been provisionally allocated to broadband. Further details are available in the 17 January Cabinet report, with a further report to follow at the appropriate time.
45. Specific grants relate primarily to the work of the Substance Misuse Strategic Team and Youth Justice and Safer Communities. They derive from the Home Office, Youth Justice Board, and the Department of Health via the PCT.
46. The grant allocations have not yet been released, however specific grants expected to be received in 2012/13 are listed in table two below. It is anticipated that the amounts received will be lower than in 2011/12, but as no definitive information is available the 2011/12 amounts have been used.

Table Two – Specific Grants/External Funding

	<b>2011/12 £000</b>	<b>2012/13 £000</b>
Community Safety Fund (Home Office)	557	282
Domestic Violence Grant (Home Office)	20	20
Youth Justice Grant (YJB / Ministry of Justice / Home Office)	770	TBC
Drugs Pooled Treatment Budget for Substance Misuse Strategic Team (DoH via PCT)	199	218
Youth Offending Service Pooled Budget Contributions (Police, Probation, PCT and Rutland)	279	TBC
Early Intervention Grant (DfE via CYPS)	140	134
Rutland contribution to YOS prevention work	22	TBC
<b>TOTAL</b>	<b>1,987</b>	<b>TBC</b>

### Capital Programme

47. A summary of the proposed Capital Programme is set out in table three below.

Table Three – Summary Capital Programme

<b>Project</b>	<b>2012/13 £000</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>	<b>2015/16 £000</b>
Rural Economic Growth and Services Programme	200	200	200	0
Community and Places Capital Works	50	50	50	50
<b>Total</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>50</b>

## **Details of Projects**

48. The Rural Economic Growth and Services Programme aims to help grow Leicestershire's rural economy and ensure the sustainability of shops and services in remote rural areas. The figures contained in the table are gross costs, with 50% of the funding required to be contributed by the benefiting business.
49. The Community and Places Capital Works funding is used in small amounts to draw together other pools of funding such as those of the districts and Environment and Transport, in order to enable small scale public realm schemes and business improvement schemes to move forward.

## **Recommendation**

50. Members of the Panel are asked to consider the report and any views they may wish to make.

## **Equal opportunities implications**

51. Many aspects of the County Council's MTFs budget are directed towards the needs of disadvantaged people. Where proposed savings are likely to have an adverse impact on service users protected under equalities legislation, Equality Impact Assessments must be undertaken at a formative stage of developing proposals prior to all final decisions being made. Assessments are being undertaken in light of the potential impact of proposals and the timing of the proposed changes.

## **Background Papers**

Report to the Cabinet: 17 January 2012 – Medium Term Financial Strategy 2012/13 2015/16.

## **Circulation under local issues alert procedure**

None.

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## **Appendices**

Appendix A – Revenue budget 2012/13  
Appendix B – Growth and Savings 2012/13 to 2015/16