

BUDGET AND PERFORMANCE MONITORING SCRUTINY PANEL

23 JANUARY 2013

MEDIUM TERM FINANCIAL STRATEGY 2013/14 TO 2016/17

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.]

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 2013/14 to 2016/17. (Paragraphs 9 to 67 of the report on the Provisional MTFS 2013/14 – 2016/17 considered by the Cabinet on 16 January 2013 refers.)

The Chairman welcomed to the meeting Mr J. B. Rhodes CC, Lead Member for Resources.

The Director of Corporate Resources and Cabinet Lead Member advised the Panel as follows:

- (i) There was an extremely tough outlook for local government budgets over the medium / long term, given the forecast of lower than expected economic growth. The implications of this were that current austerity measures would continue into 2017/18.
- (ii) The County Council had made an early start in addressing the reduction in public sector funding and the draft MTFS set out how it intended to meet the savings requirement over the next four years.
- (iii) To date the County Council had identified efficiency savings in the order of £49m and the working assumption would be that, going forward, the County Council would need to make savings in the order of £20m each year until 2017/18.
- (iv) The level of savings required to be made meant that the County Council would need to exercise caution in utilising its reserves, particularly given the level of unidentified savings (£30m) and uncertainty in the latter half of the MTFS.
- (v) Good progress had been made with partners in agreeing the pooling of business rates which it was anticipated would result in a

surplus of £700,000 for 2013/14.

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

- (vi) The estimated business rate income had taken into consideration the fact that academies would have charitable status and as such pay reduced business rates. The total loss of business rate income (including the central and local share) would be £3.5m.
- (vii) There was no evidence of a significant issue of staff being made redundant and then having to be re-employed on a temporary/part-time basis.
- (viii) Given the early start that the County Council had made in seeking to reduce expenditure, significant progress had been made in the redesign of service provision and back office processes. It had been recognised that achieving a further step change within the County Council would take time and would require investment in staff training and technologies to achieve the level of efficiencies needed.
- (ix) The Cabinet had already expressed its dissatisfaction and concerns to Government regarding the draft Local Government Settlement. Whilst supporting the need to reduce the public sector deficit, it was the view of the Cabinet that little or no progress had been made in increasing the resources for the lowest funded schools and Leicestershire schools remained the lowest funded in the country. The settlement also penalised the County Council in respect of some specific grants and transfers, the details of which were set out in Appendix F of the report considered by the Cabinet on 16 January.
- (x) The current MTFS proposed a 1.5% increase in council tax from 2014/15 and the final decision on council tax increases would be a matter for the County Council. If a decision were taken not to increase council tax by the level proposed then additional savings of approximately £9m to £10m would need to be found by 2016/17.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments made at this meeting be forwarded to the Scrutiny Commission for consideration at its meeting on 31 January 2013.

Corporate Resources Department.

The Panel considered the report of the Director of Corporate Resources concerning the Medium Term Financial Strategy for the period 2013/14 to 2016/17, as it related to the Corporate Resources Department. A copy of the report and supplementary report, marked 'B' and 'B1' respectively, are filed with these minutes.

The following points arose from discussion and questions:

Savings

- (i) The main source of the additional income referred to in paragraph 27 of the report would arise from the East Midlands Shared Service project and in particular from income received from Nottingham City Council for Oracle services provided by the County Council. The County Council was reasonably confident that the level of income identified would be achieved.
- (ii) To achieve the proposed carbon/energy savings (paragraph 33 of the report refers), provision had been made in the capital programme to promote energy efficiency within the County Council estate. While some progress had been made through the Office Accommodation Strategy, more needed to be done. The County Council intended to engage an external consultant to assist it in developing an energy performance plan which would include invest to save schemes.
- (iii) The Office Accommodation Strategy had resulted in the County Council reducing the number of its office bases. The intention was to dispose of surplus office accommodation to fund the capital cost. A post implementation report would be submitted to Scrutiny in due course.

Income

- (iv) The trading income received as a result of services provided to academies had been positive, but it was recognised that this might come under pressure as competition increased. The position would need to be closely monitored so that necessary adjustments to the budget and staffing could be made.

Growth

- (v) The proposed investment in the Customer Service Centre would improve the resilience of the service. The intention in the medium term would be to invest in systems which would enable greater automation and self-service, thereby reducing the overall cost of the service.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments made at this meeting be forwarded to the Scrutiny Commission for consideration at its meeting on 31 January 2013.

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 2013/14 to 2016/17 as it related to the Chief Executive's Department. A copy of the report and supplementary report, marked 'C' and 'C1' respectively, is filed with these minutes.

The Chairman welcomed to the meeting Mr Orson CC, Cabinet Lead Member for Safer Communities, Mr Pain, Cabinet Lead Member for Regulatory Services, Economic Development, Big Society and Community Engagement, and Mr White CC, Cabinet Lead Member for Health and Wellbeing.

The following points arose from discussion and questions:

Growth

- (i) Growth proposal G23, 'Additional support for social enterprises', had been in response to the recommendation of the Big Society Scrutiny Review Panel. The County Council would be working with the Co-operative and Social Enterprise Development Agency (CaSE-da) to identify gaps and develop new social enterprise services. CaSE-da would also work with community groups and individuals to assist them in setting up social enterprises and provide advice and guidance, as well as some small start-up grants.

Savings

- (ii) Savings proposal S57, 'Review Planning and Historic and Natural Environmental Services', did not take account of any additional contributions being requested from district councils to support the environmental records. The County Council would require support to provide a basic service for the County's Natural and Historic Records which supported existing planning advice. Discussions had been held with all districts regarding contributions by them to maintain the database so that they could deliver their statutory responsibilities. Agreement in principle had been obtained, but agreement on the sums to be contributed by each authority was still awaited.

- (iii) The Planning, Historic and Natural Environment section had reduced its staffing by about one third, in part to reflect that they no longer provided the service to schools that had converted to academies. It was not possible to discontinue the Service entirely, as the County Council still had statutory obligations to fulfil as a planning authority.
- (iv) Although there had been a reduction in enforcement and inspections by Trading Standards, the Service continued to meet its statutory obligations. The Service worked closely with the Foods Standards Agency to ensure there were robust, intelligence led arrangements in place to guarantee consumer safety and public health. The area of service that had reduced was in relation to consumer and business advice and business inspections.
- (v) The Internal Audit Service had looked into the allocation of Big Society grant funding and had been satisfied with the processes followed. The County Council's relationship with CaSE-da was relatively new and the contract with them would include arrangements for reporting outcomes. The Panel were advised that the Corporate Governance Committee of the County Council had identified commissioning and contracting arrangements as an issue that would be picked up in the new risk management arrangements.
- (vi) In respect of savings option S59, 'Police Community Support Officers' (PCSOs), the Panel was advised that the funding of PCSOs should now be regarded as a matter for the newly elected Police and Crime Commissioner. The Panel was also advised that the County Council in February 2012 had agreed to maintain the great majority of its support funding for PCSOs in 2013/14, recognising that as a transitional year. However, the Commissioner had just published his draft Police and Crime Plan which included references to how he proposed to deal with a number of existing grant streams for crime and disorder which had previously been received by the County Council. Essentially, there was no certainty of funding for the County Council beyond the first half of the year and funding in the first half would be conditional. The County Council's proposals in relation to PCSOs had to be considered in the context of that emerging Police and Crime Plan.

Public Health

- (vii) The Cabinet Lead Member for Health and Wellbeing confirmed that the level of funding received by the County Council for its new Public Health responsibilities had been better than expected. Given that the release of the grant information had been late in the day, further work would be undertaken on investment plans to achieve the priorities in the Health and Wellbeing Strategy. This would involve working in partnership with Council departments and external partners. Detailed investment plans would be reported to

the Health and Wellbeing Board.

Specific Grants and External Funding

- (viii) The funding transferred from the Department for Work and Pensions for community care grants and crisis loans included an element for administrative costs. The County Council had contracted this work to a private company, Northgate. Discussions had been held with district councils to administer the scheme, but these had not proved to be cost effective. The contract with Northgate included a requirement for them to provide monthly performance data that could be reported to Members as necessary.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments made at this meeting be forwarded to the Scrutiny Commission for consideration at its meeting on 31 January 2013.

Environment and Transport Department

The Panel considered the joint report of the Director of Environment and Transport and the Director of Corporate Resources concerning the Medium Term Financial Strategy for the period 2013/14 to 2016/17 as it related to the Environment and Transport Department. A copy of the report and supplementary report marked 'D' and 'D1' respectively, are 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 and Climate Action, Mr R. Blunt CC who attended for this item.

The following points arose from discussion and questions:

General

- (i) The Director and Lead Members advised the Panel that the Department had sustained a good level of service and customer satisfaction, while at the same time meeting the financial challenges of the MTFS. The Department remained committed to driving down costs and seeking to protect, as far as possible, front line services. They commended the staff of the Department for the work undertaken.

HIGHWAYS AND TRANSPORT

Savings

- (ii) S29 'Service Reviews' - the two pilot assessments undertaken in 2012/13 were in respect of Engineering Design Services and the Notice Processing Unit. With regard to the Notice Processing Unit review, the Director paid tribute to the contribution of officers at Harborough District Council. Early indications were that savings in excess of £200,000 could be achieved from this.
- (iii) S32 'Street lighting' - the risk assessment process included consultation with parish and town councils, as well as the County Council's Accident Unit. Good working relationships also existed with the Police who commented on all initial consultations and co-ordinated responses from other emergency services. Concerns received regarding the switching off of street lighting were looked into, and if the concerns had merit then consideration was given to reinstating the street lighting where necessary.

At the request of the Panel, the Director of Environment and Transport undertook to provide further information on how street lighting energy charges were amended to reflect the change in usage. *[The additional information provided to the Panel is set out in the Appendix attached.]*

- (iv) S33 'Reduced level of Highway Maintenance' - the Department was working closely with the Customer Service Centre to ensure that people who were reporting defects on the highways would receive feedback and clear advice on service standards. As part of the process of feeding back to complainants the Department had reintroduced the Parish Newsletter as a means of communication. The Panel was reminded that the Council had agreed to changes in how the Service would respond to reports of highway defects which were aimed at reducing the amount of reactive work undertaken, ensuring that the Service moved more towards a planned permanent repair and maintenance programme. Where the defect posed any immediate or imminent hazard, these would continue to be dealt with as a matter of urgency.

The Panel was further advised that the County Council had allocated £2m from reserves for highways maintenance work and this, together with the additional funding being made available by the Government for structural maintenance, would enable the Department to undertake considerably more maintenance work on the highway during 2013/14.

- (v) S34 'Reductions to traffic management/safety/sign maintenance and cleaning' - these savings did not now include any reductions in the

gully emptying budget. The element of this saving originally planned to be delivered from gully cleansing would instead be delivered through reduced levels of highways maintenance. This would be reflected in the next Cabinet report. The County Council, in response to the adverse weather experienced in the summer, had made some additional resources available towards an intensive programme of gully cleansing and for undertaking a survey of existing gully capacity. *[Further information provided in respect of this matter to the Panel is included in the Appendix attached.]*

- (vi) S36 'Review of historic exceptions and walking routes' – at the request of the Panel, the Director of Environment and Transport undertook to provide a list of the walking routes which had been identified to deliver this saving. *[The additional information provided to the Panel is set out in the Appendix attached.]*
- (vii) S39 'Home to school transport' - the Panel was advised that the academies agenda was presenting a challenge for the Council, particularly in relation to whether it should continue to provide discretionary home to school transport services, or whether to leave this to the academies and the market place.
- (viii) S40 'Concessionary travel' - the proposals now put forward would mean that the County Council would only deliver those services that fell within the Government statutory concessionary travel scheme. The County Council was already contributing in excess of £1m to fund the statutory scheme. This would mean that the following discretionary elements would no longer be provided:
 - (a) Free morning peak bus travel for disabled people;
 - (b) Half fare travel on Community Transport;
 - (c) Taxi vouchers for those unable to use buses due to disability or rural location.

With regard to rural areas, the Panel was advised that the introduction of Demand Response Transport would go some way to assisting those who currently received travel vouchers.

ENVIRONMENT

Growth

- (ix) The additional growth for waste (G17) was necessary to meet the additional cost that would be incurred from landfill tax. Although the tonnage of waste had been reducing, the increase in landfill tax of £8 per tonne for this year, and subsequent years, necessitated an increase in the budget.
- (x) G19 'Impact of changes in recycling' - a one of increase of £100,000

had been included as a number of district councils were making changes to their waste collection regimes and there was uncertainty about how this would impact on the service provided by the County Council;

- (xi) G20 'Diversion from landfill' - the additional resources now identified were to meet contractual obligations in relation to waste being sent to the Mechanical and Biological Treatment plant at Cotesbach so that the County Council would meet its landfill diversion targets.

Capital Programme

- (xii) The invest to save project for illuminated traffic signs would see the introduction of new bollards and signs which would reduce the need for illumination, thereby reducing running costs and maintenance.
- (xiii) The better bus grant area would enable improvements to be made to public transport services. With regard to supporting young people getting into work, the Panel was advised that the Department was seeking to work with employers on this matter.
- (xiv) One-off revenue provision of £200,000 had been included in the budget to accelerate work on advanced design of highways schemes which would put the Department in a better position to bid for any additional capital monies made available by the Government. However, the Panel was advised that there were opportunity costs which could arise from the process involved in submitting detailed bids which might not be successful.
- (xv) The proposed investment for improvements to the Recycling and Household Waste Site (RHWS) at Kibworth and Whetstone was welcomed.

RESOLVED:

- (a) That the report and the information now provided be noted;
- (b) That the comments made at this meeting be forwarded to the Scrutiny Commission for consideration at its meeting on 31 January 2013.