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Leicestershire County Council

May 2014

Medium Term Financial Strategy report

Contents

Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies

In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and of audited bodies'. It is available from the Chief Executive of each audited body. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to directors or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any director or officer in their individual capacity or to any third party.

Introduction

Use of Resources

Our Use of Resources Code responsibility requires us to carry out sufficient and relevant work in order to conclude on whether you have put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources.

In accordance with recent guidance issued by the Audit Commission, in 2013/14 our conclusion will be based on two criteria:

- The organisation has proper arrangements in place for securing financial resilience; and
- The organisation has proper arrangements for prioritising resources.

The focus of these criteria for 2013/14 will be on whether:

- The organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
- The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

We will not be required to reach a scored judgement in relation to these criteria and the Audit Commission will not be developing 'key lines of enquiry' for each criteria. Instead, we will be carrying out sufficient work to allow us to reach a conclusion on your arrangements. As part of our work in this area we have undertaken a review of your Medium Term Financial Strategy.

Background

On 20 October 2010 the coalition government published the Spending Review 2010, which set out government department budgets for the period 2011/12 to 2014/15. The impact of the reductions in central government funding on individual local authorities in the two final years of this period was finalised in December 2012.

The Chancellor's Autumn Statement was given on 5 December 2013 and it described a medium term position characterised by lower than anticipated economic growth and, as a result, a higher forecast public sector borrowing requirement. It included the following key headlines:

- Economic growth forecasts were revised upwards for 2013/14 and 2014/15;
- The deficit was due to be eliminated by 2017/18. Austerity measures may continue until at least 2018/19; and
- Business rates are to be capped at 2% rather than linked to RPI inflation.

The provisional Local Government Finance Settlement was released later in December 2013. The key points raised were that:

- The 'spending power' of the Council is to fall by 0.6% in 2014/15 and rise by 1.7% in 2015/16 (due to the Better Care Fund);
- Revenue Support Grant will fall by 15.4% to £70.8m in 2014/15 and by 25% to £53m in 2015/16;

- The New Homes Bonus would continue to be received by the Council rather than be allocated to the Single Local Growth Fund; and
- A 1% council tax freeze grant will be available for 2014/15 and 2015/16.

In addition, there are ongoing changes to policy such as the proposals raised by the Dilnot Commission, the impact of which is not included within the MTFS.

Medium Term Financial Strategy

In our audit plan presented to you in November 2013, we highlighted a specific audit risk in relation to your savings requirement over the next few years. You will be required to make around £110m of savings and service reductions over 5 years (2013/14 – 2017/18).

The Council took prompt action in 2010 to cut costs in advance of the Comprehensive Spending Review. You have been planning ahead for the impact of the economic environment for a number of years, and are on track to deliver the £23m of savings planned to be achieved during 2013/14.

We agreed in the audit plan that we would review your MTFS, including how you manage the plan and comparing it with other similar plans. The areas of focus for this work are:

- Programme management;
- Progress to date;
- Assumptions;
- Sensitivity analysis;
- Reserves; and
- Economy, efficiency and effectiveness.

Section I: Progress to date

Progress to date

The Authority has made significant strides over the past few years to identify savings and deliver more efficient services. There has been a well-established Change Management Programme and Organisational Efficiency Programme which has helped deliver demonstrable value for money over a number of years.

You have continued to focus on maximising efficiency savings. Previous examples have included reductions in management and associated costs through reducing the layers of management, exploiting new technology and a further review of employee terms and conditions. You are also planning further efficiencies over the MTFS period, including reductions in administration costs (£4 million), better commissioning and procurement (£9 million) and transformational change projects (£11 million).

The scale of the challenge over the next few years is significant and much of the good practice you have demonstrated will need to continue and be intensified if your planned savings and service reductions are to be delivered. Significantly, this is likely to include a greater level of service reductions, and the delivery of more challenging savings, than has been the case to date.

During 2013/14 you have continued to deliver savings and you reported to members in February this year a forecast net under-spend against the updated budget of around £11.6 million before carry forwards. This was for a variety of reasons including contingency budgets which have not been required and the achievement of efficiencies ahead of further reduction in formula grant and spending power in later years. This gives you further flexibility to invest to save, for example through:

- The ongoing shared services project with Nottingham City Council;
- The funding of any required severance payments;
- Implementing transformational change;
- Developing further shared services or collaborative agreements; and
- A variety of departmental projects.

There is continued evidence of proactivity and looking forward, with in-year projects identified and progressed, enabling required future savings to be realised.

The overall underspend for 2013/14 masks some overspending within the Council. The Adults and Communities Department has experienced increased demographic pressures which has resulted in a forecast overspend of around £5m.

Link to your MTFS

Progress to date puts you in a good position to address future challenges. For example, the earmarked reserves you have established for 'invest to save' projects and other future commitments mean that you can continue planning for the reduction in your grant from central government over the next few years.

However, the challenge remains significant and is growing. This should not (and in our view is not) being underestimated. Your MTFS for 2014/15 and beyond was approved at the February Council meeting. This highlights that in 2014/15, for example, you will be required to deliver savings of around £18 million, or around 5% of your net budget. This grows to a savings requirement of over £33 million in 2015/16, a significant increase in the scale of savings required.

Section II: Programme management

Programme Management

You have effectively managed savings programmes over a number of years, but the scale of the current challenge will put your arrangements to the test.

Governance structures in each department have overseen delivery of past plans, and our recent work suggests these remain fit-for-purpose. There continues to be:

- strong leadership from your Directors who have taken responsibility for delivering the required savings and service reductions;
- agreed priorities which have influenced spending decisions;
- a well-established reporting framework with clear accountability to ensure that projects down to a granular level are delivered; and
- business partners in each Directorate to support the delivery of savings projects and improve information to support decision making.

Involvement of Members

Members are involved through each of the lead members and the review of corporate performance against capital and revenue budgets at relevant committees. Members also have a significant involvement in the development of the Medium Term Financial Strategy through a number of means:

- meetings with members and briefings for individual political parties;
- detailed scrutiny of the plans for Adult & Communities and Children & Young People's Services at separate scrutiny meetings. This also includes scrutiny of Environment & Transport and Public Health;
- detailed scrutiny of Chief Executive and Corporate Resources plans by the Scrutiny Commission;
- scrutiny at a summary level by the Scrutiny Commission;
- discussion of the proposals at Cabinet meetings; and
- approval of the final MTFS at the Council meeting in February 2014.

Members have also been involved in the development of the financial strategy which underpins the MTFS as part of the 'Transformation Board'. This was introduced during 2013 on an all-party basis for members to engage with officers on the medium term transformation of the way the Council operates. This is being supported by significant resources, and we believe this investment will be critical if the required transformation is to be delivered.

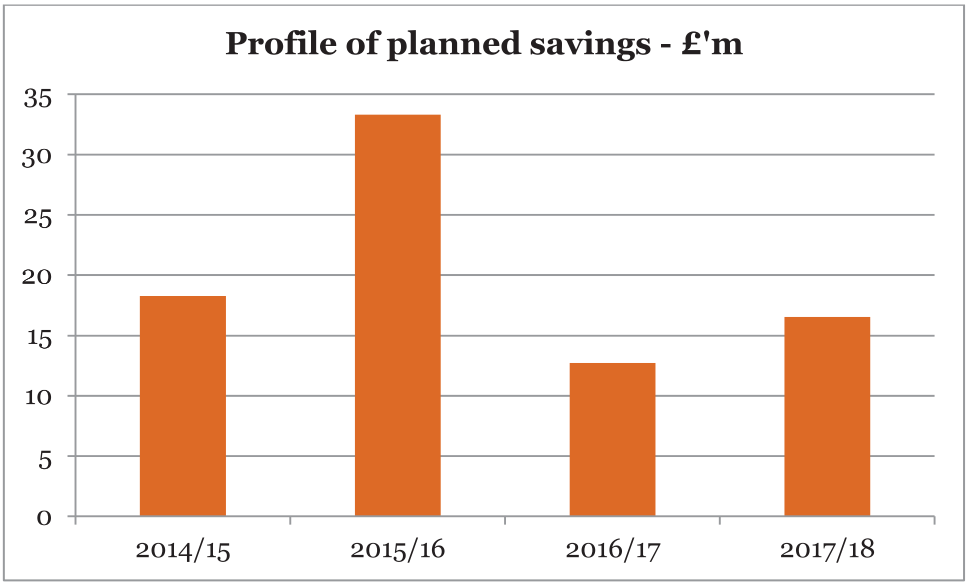
In overall terms, we think that your programme management arrangements are good and should enable you to manage the challenging savings target you need to deliver. The changes to your arrangements, in particular the increased resource you have allocated to delivering the transformation agenda, is important and necessary given the scale of the challenge.

The MTFS includes a number of significant service reduction and efficiency schemes which will be particularly influential in meeting your targets. The largest of these schemes in 2014/15 are as follows:

Department	Scheme	2014/15 £'m	Comments
Children and Young People	No individual schemes above £1m due to be realised in 2014/15. Cumulative savings of £12.690m per annum need to be made by 2017/18. The largest scheme is a reduction in early help services which will save £2.1m by 2017/18.		
Adults and Communities	Additional Health transfer funding	1.250	Proposed utilisation of additional health transfer funding for 2014/15 to mitigate savings required, subject to partner agreement.
	New model of Early Intervention and Prevention support	1.000	This saving arises from a review of non- statutory Housing Related Support and Voluntary sector contracts. There will be a reduced level of support.
	Cumulative savings of £22.765m per annum need to be made by 2017/18. The largest element is the assumed £10 million income from the Better Care Fund from 2015/16 onwards.		
Public Health	Expenditure managed by Public Health absorbed into the ring fenced budget	1.420	Some expenditure within the Public Health remit has been allocated within ring fenced budgets, producing a saving.
	Cumulative savings of £2.420m per annum need to be made by 2017/18. The largest scheme is the one noted above.		
Environment and Transport	No individual schemes above £1m due to be realised in 2014/15. Cumulative savings of £18.520m need to be made by 2017/18. The largest scheme is a revised approach to Highways Maintenance which will save £5.5m by 2017/18 through service reductions and efficiency savings.		
Chief Executive	No individual schemes above £1m due to be realised in 2014/15. Cumulative savings of £4.690m need to be made by 2017/18. The largest scheme is a reduction of funding and support to agencies which will save £590,000 by 2015/16.		
Corporate Resources	No individual schemes above £1m due to be realised in 2014/15. Cumulative savings of £7.165m need to be made by 2017/18. The largest schemes are: • Operational property review – £1.840m; • Operational ICT review - £1.650m; and • A review of Strategic Finance, Property & Procurement- £1.110m.		

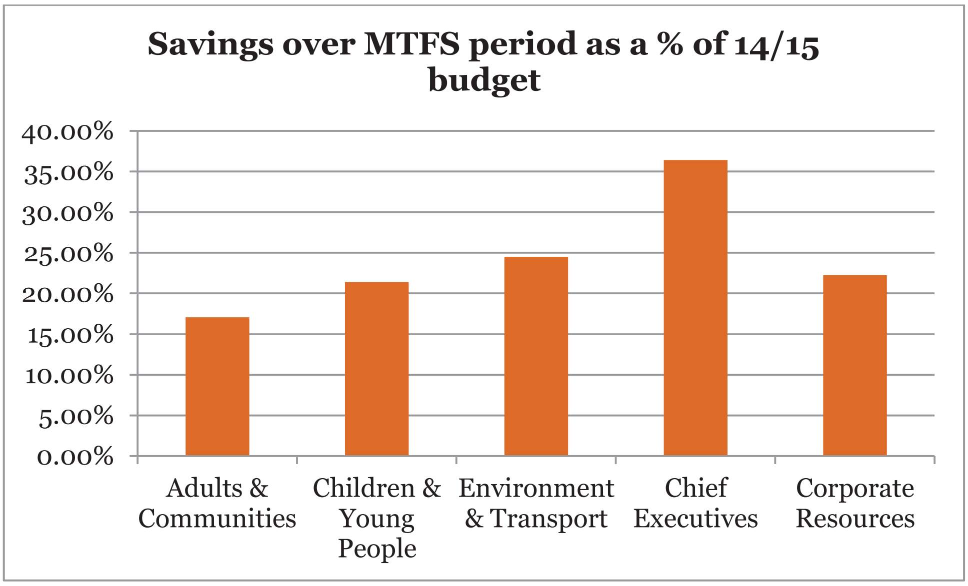
The majority of the largest schemes have been already agreed or are subject to consultation for implementation in 2014/15. The delivery needs to be effectively monitored and slippage identified at an early stage for mitigating actions to be achieved. Your arrangements should enable this.

The challenge for later periods of the MTFS is far greater. The profile of when savings are due to be delivered over the 4 year period of the MTFS is illustrated below. The majority of these savings are in the early stages of development and require either significant transformation or tough reductions in service levels to be implemented:



There are difficult actions which need to be taken if the planned savings are to be realised over the medium term. The lower savings figure for 2014/15, much of which is secured, gives you some space to plan for and deliver future required savings. In particular, 2015/16 will be very demanding; you have included an £8 million contingency in your budget for 2015/16 to help manage financial risk and a £5.75 million contingency for inflationary pressures. The figure for 2017/18 includes the £12.5m budget shortfall. Significant savings are also likely to be required in 2018/19, which is not covered by the current MTFS.

The savings also impact some areas of the Council more than others. The following graph illustrates the total savings required in each department, over the lifetime of this MTFS, as a percentage of their 2014/15 budget:



The relatively lower requirement for Adults and Communities reflects a number of factors - the significant uncertainty regarding funding for care, pressure from changing demographics and the results of the consultation process which prioritised many services for older people. The savings for Adults and Communities also includes £10 million addition income for the impact of the Better Care Fund.

Section III: Assumptions

Key Assumptions

The MTFS is underpinned by a number of key assumptions. These include:

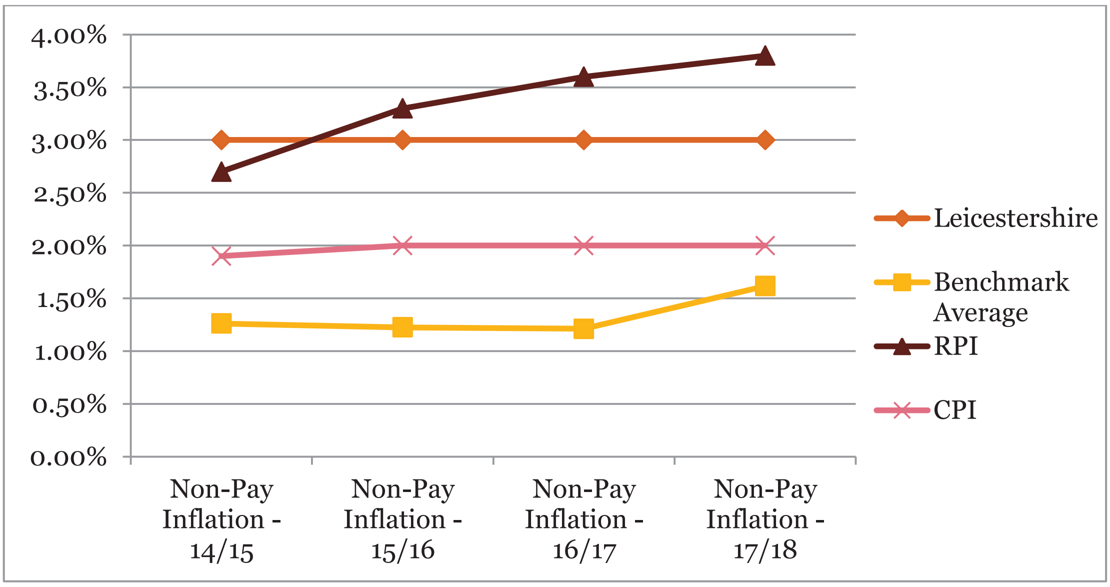
- Inflation – for both pay and non-pay expenditure;
- Growth – your estimate of future cost and budget pressures from changes in demand and volume;
- Efficiency savings – the level and timing of the savings you need;
- Council tax; and
- Use of reserves.

Each of these assumptions has varying degrees of inherent uncertainty. Assumptions applied to forecasts can often have a significant impact on balancing budgets. You have a history of delivering good financial management although the economic climate for Local Authorities continues to be challenging. With so many assumptions being applied there is an ongoing risk that one of the influencing factors may vary significantly from the assumptions you have applied.

We have reviewed the assumptions in your MTFS and compared them to all of our other Upper Tier External Audit clients. We have also taken into account our wider understanding of the sector. A summary of our findings is included below.

Inflation – non-pay costs

You have applied higher non-pay inflation assumptions for the whole MTFS period than our benchmark group, showing prudence in your estimation of the potential costs for non-pay items. You have assumed 3% inflation across the MTFS period. This is above current Treasury projections for CPI, the government's preferred measure of inflation, and generally below RPI in later years. You are also anticipating higher inflationary costs than the average of our benchmark group:

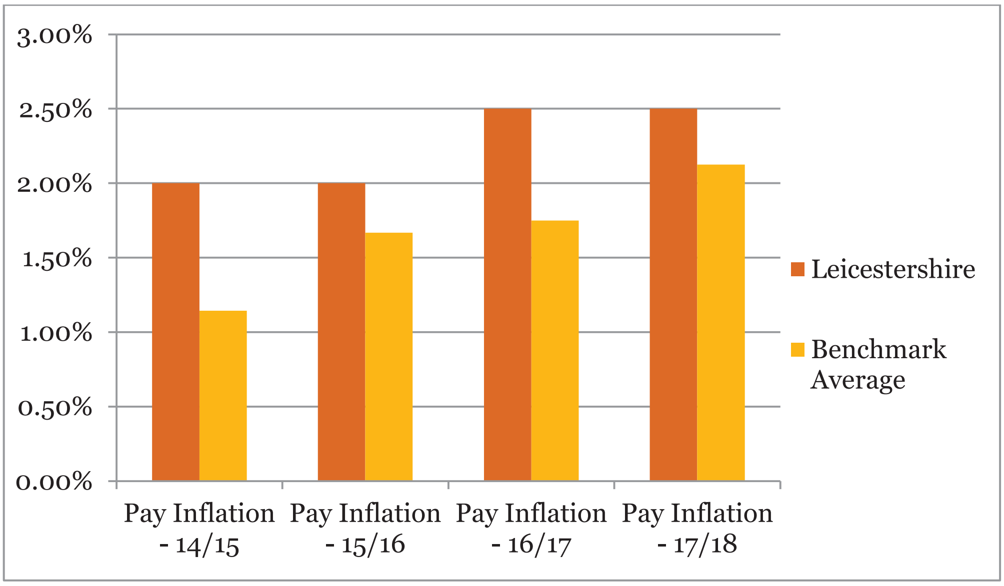


A 1% increase in inflation above your assumptions would result in an overspend of approximately £3m in 2014/15. You have also included some specific inflationary items to address cost pressures significantly above your general inflation assumptions.

Inflation – pay costs

The majority of the Local Authorities in our benchmark group have assumed 1% pay inflation in 2014/15. This is in line with the agreed local government pay settlement. The assumption of pay varies across our benchmark group between 2014 and 2017, even in the context of the announcement of a 1% rise for local government staff in 2014/15 and 2015/16. The range of pay costs modelled by other Authorities ranges between 1% and 3% in these later years.

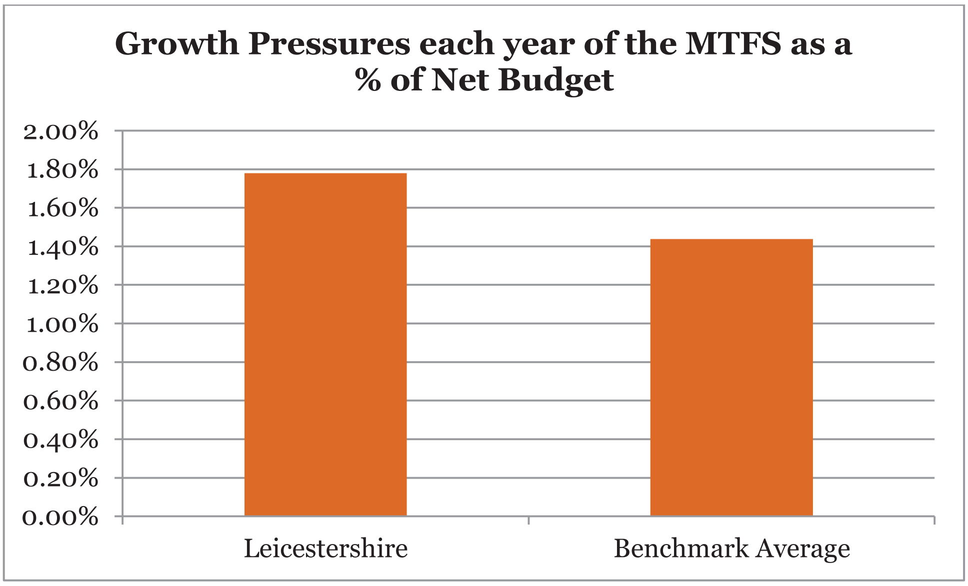
You have modelled 2% for the first 2 years and 2.5% for the later 2 years. You are at the higher end of the range. Your rationale is that after pay freezes for three years there will be significant cost pressures for pay and on-costs, including employer pension contributions. We believe this continues to be a reasonable assumption for planning purposes:



With pay costs representing over 40% of Leicestershire County Council net expenditure, a 1% increase in this assumption would represent additional cost to the Authority of approximately £1.6m in 2014/15.

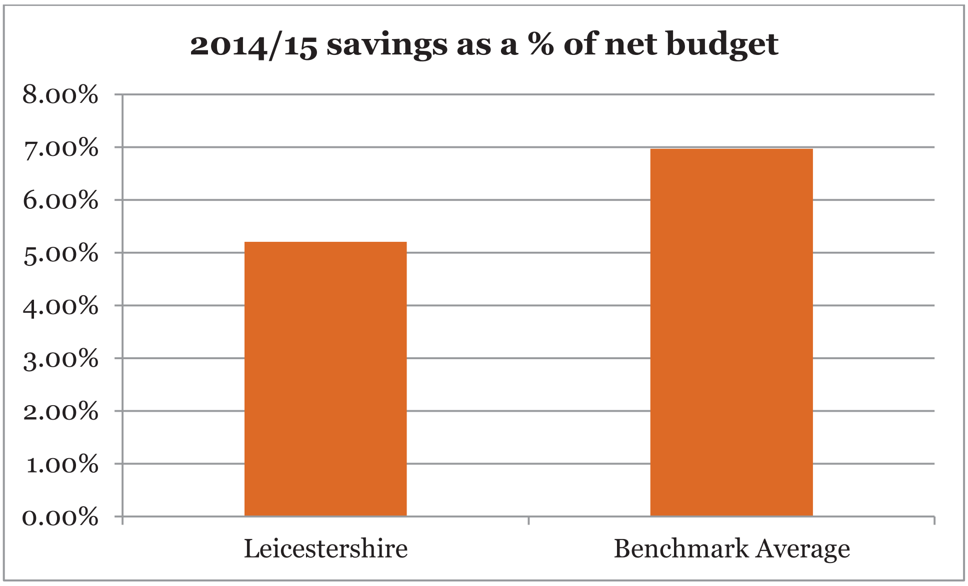
Growth pressures

The growth and demand pressures you have modelled in your MTFS, when reviewed as a percentage of your net budget, are higher than our benchmark group. The growth you have identified in the current MTFS is nearer to 2%:

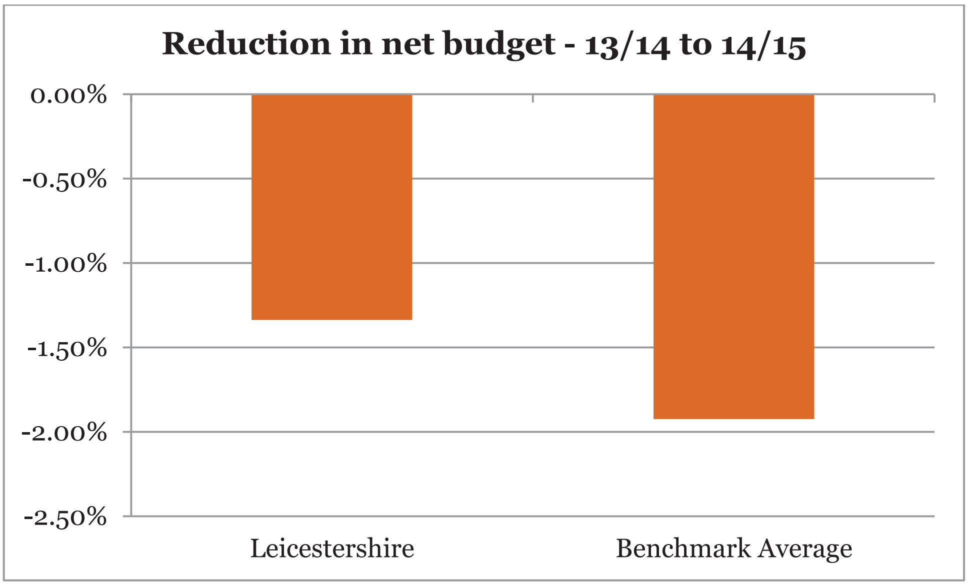


Total Savings

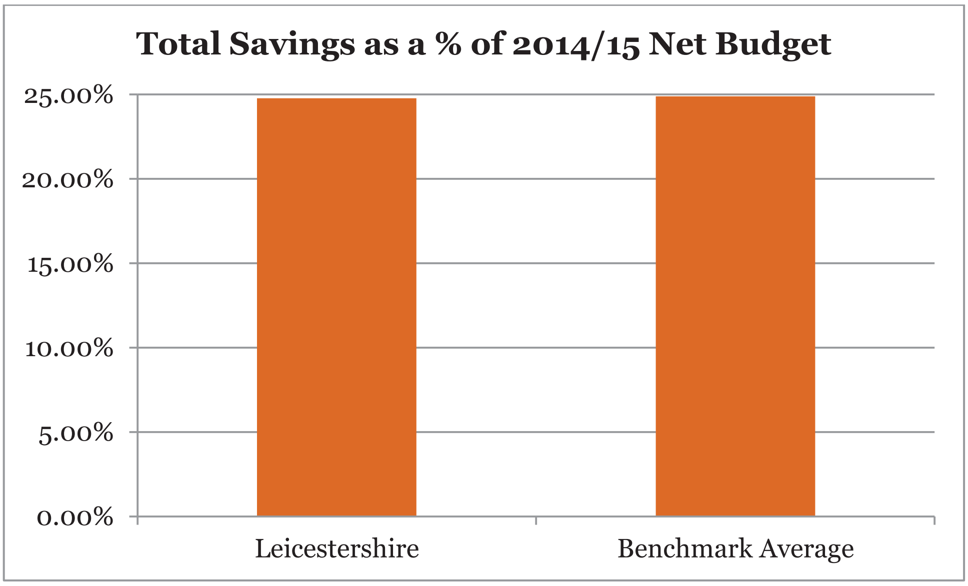
The levels of savings you are planning to make in 2014/15 to deliver a balanced budget are slightly below our benchmark group:



This is also reflected in the change in your net budget between 2013/14 and 2014/15 being slightly lower than for our benchmark average group. These two factors perhaps reflect the significant level of savings you have already made over the past 4 years. This has resulted in a lower than average reduction in spending this year:



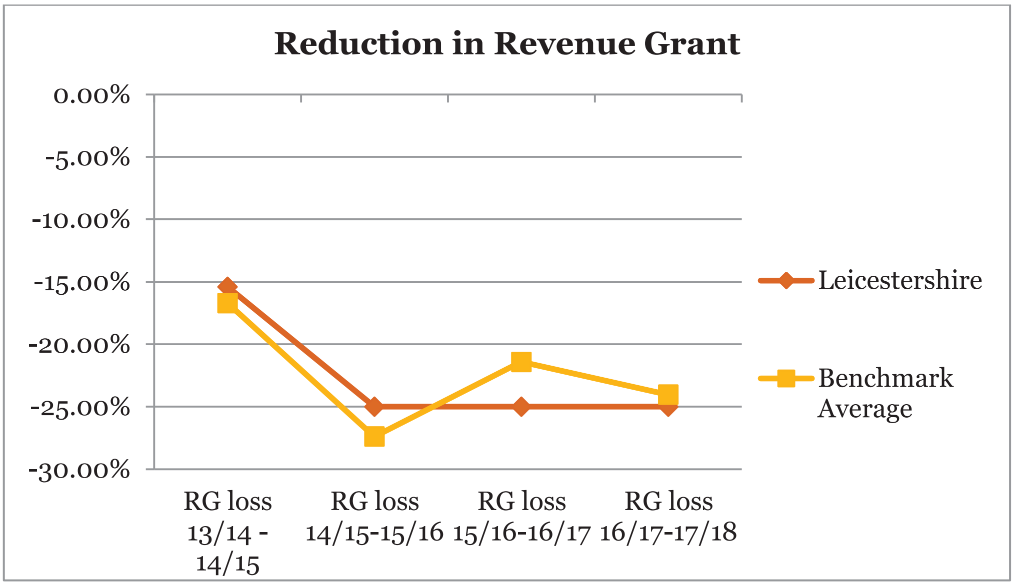
The levels of savings you are making over the period from 2014/15 to 2017/18 as a whole are broadly the same as for our benchmark group. The lower level of savings you are required to deliver in 2014/15 gives you scope to identify, plan and then deliver the significant level of savings you will be required to make in the later years of the plan:



This indicates that, relative to your peers, you are making similar savings or reductions over the course of your MTFS. The scale of savings being over future periods has become more consistent in the sector, as the expectation of ongoing reductions in revenue funding has become more established.

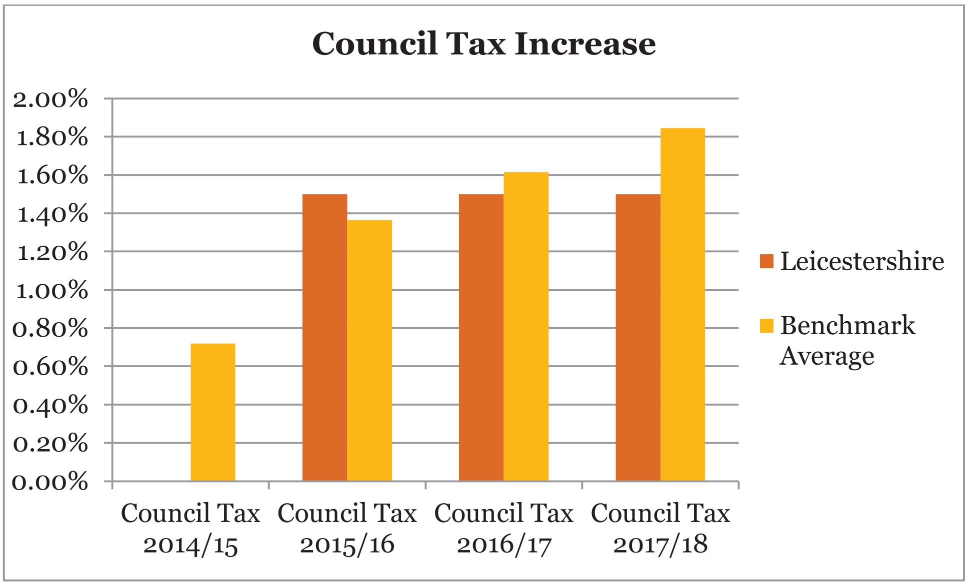
Funding

The provisional level of revenue support grant (RSG) is known for 2014/15 and 2015/16, but has not yet been disclosed for later years. You have also made assumptions about the level of business rates which will be received following the localisation of this income stream. You have assumed a similar continued reduction in revenue funding for later periods of the plan when compared with our benchmark group. The level of expected reductions in later years is much more consistent this year than when we have undertaken this review in the last few years:



Council Tax

You have decided on a 0% increase in Council tax for 2014/15, with an increase of 1.5% in subsequent years modelled for planning purposes. You will receive an additional grant from the Government that is equivalent to a 1% increase in Council Tax in 2014/15. The majority of Councils are planning a Council Tax increase of at least 2% in later years of their MTFS, and the average increase is around 1.5%:



Use of Reserves

See section IV of this report for more details.

Sensitivity Analysis

Sensitivity analysis of your inflation assumptions was performed to give an idea of what total expenditure would look with a 1%, 2%, 3% and 4% increase and decrease in inflation. In broad terms, a 1% increase in inflation above your assumptions would result in a cost pressure of approximately £4.6m in 2014/15.

Summary of Assumptions

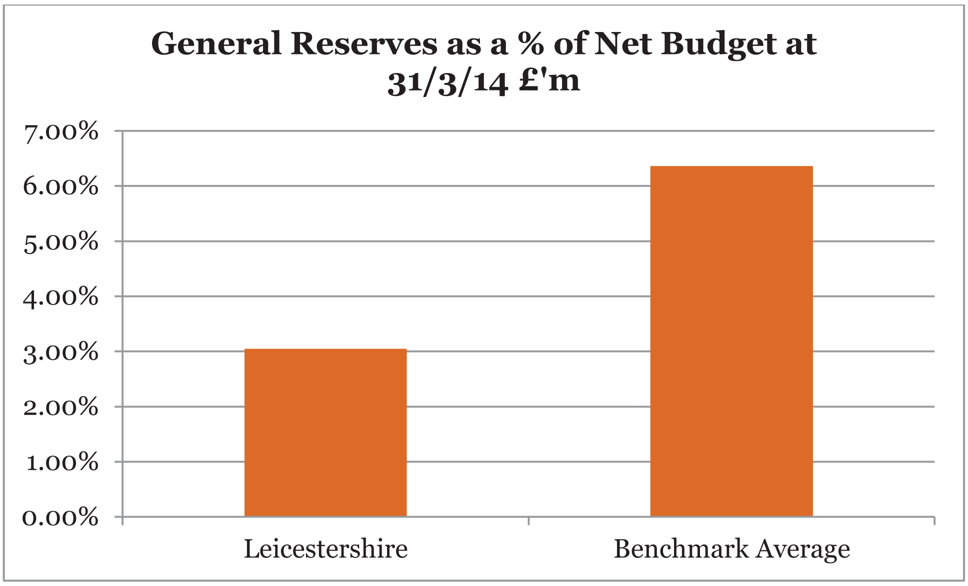
You have generally made prudent assumptions in your MTFS when compared with other similar authorities. This means that you are in a comparatively more favourable position to respond to the challenges which the MTFS presents.

You need to ensure that you continue to monitor your progress against the plan, paying particular attention to changes in the original assumptions you have made.

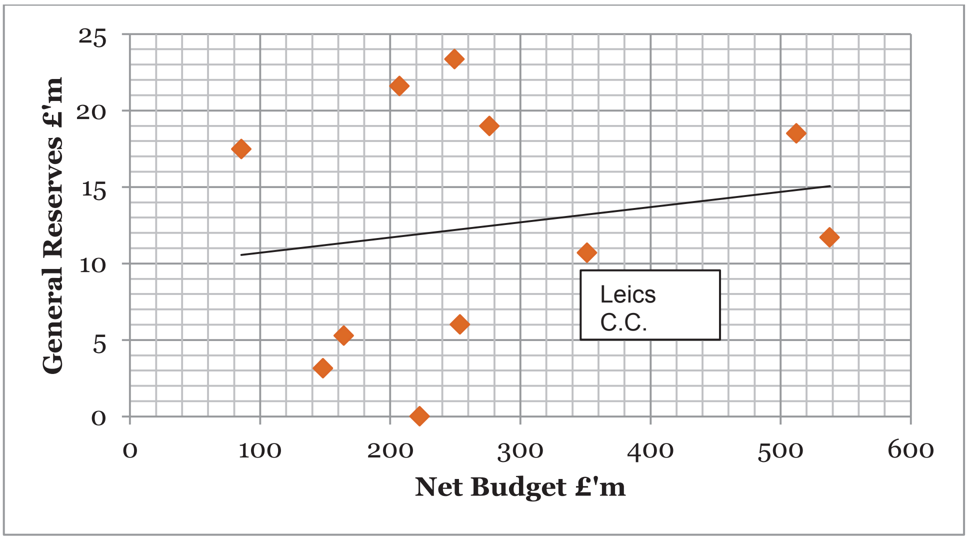
Section IV: Reserves

Reserves – General Fund

You have a policy to maintain your general fund at a level consistent with the risks you face, which has historically been at 2-3% of net expenditure. Your forecast for the end of the 2013/14 financial year is to be holding £10.7m of general fund reserves, which represents 3% of your net spend. The policies in our benchmark group of Local Authorities ranges from 2% of net expenditure to around 7% of net expenditure. Your level of General Fund held is therefore relatively low when compared to others where this information was accessible:



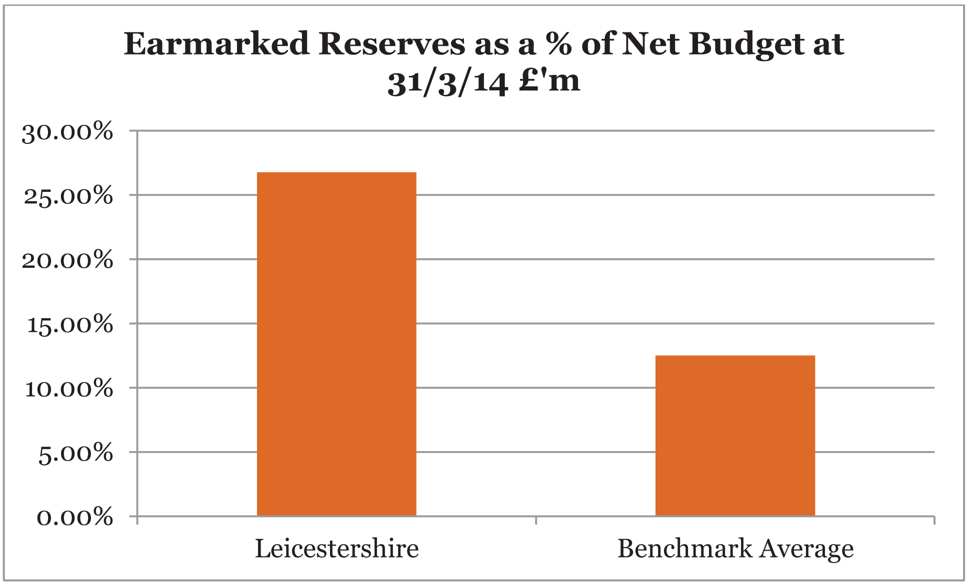
Your policy is within our own expectation for the level of general fund reserves which we would independently expect you to hold. In addition, you hold a higher level of earmarked reserves than the Local Authorities in our benchmark group which mitigates this difference to some degree. The following graph shows the level of general reserves the authorities in our upper tier benchmark group held relative to their net budget:



Reserves – Earmarked Reserves

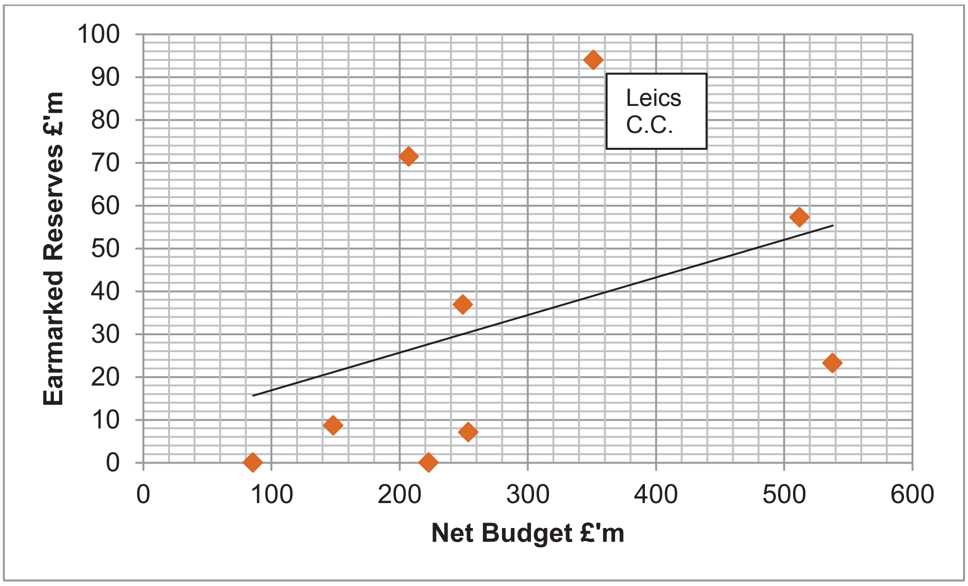
During the past 12 months you have undertaken a detailed review of your earmarked reserves to ensure that all reserves held were in relation to identified future spend, cost pressures and invest to save schemes. This review involved members and resulted in some changes to earmarked reserves being made to reflect future plans.

Your earmarked reserves start the MTFS period remains higher than the average for our benchmark group. These are being held to manage the transition period, fund specific cost pressures and to deliver the transformation programme which you have set out in your MTFS. The costs associated with this transformation, such as severance costs, are being met through the use of these reserves rather than recurrent spending:



The level of earmarked reserves reduces to a level more comparable with our benchmark group from in later years of the plan. The level of earmarked reserves is being held to manage specific future costs identified and address the medium term financial risks which you face. This includes the potential impact of future Comprehensive Spending Reviews, the localisation of business rates, uncertainty around funding the Dilnot Commission recommendations and other future changes to public policy.

The following graph shows the level of earmarked reserves the authorities in our upper tier benchmark group held relative to their net budget:



Section V: Economy, Efficiency and Effectiveness

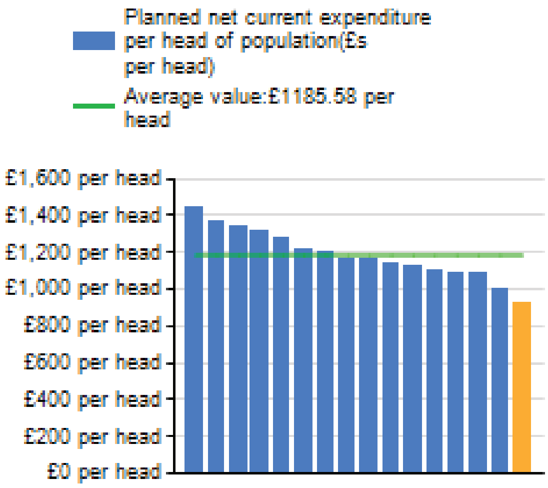
Economy, Efficiency and Effectiveness

The Authority has a responsibility to challenge economy, efficiency and effectiveness in everything it does. This is performed in each department and evident as part of your response to the identification of specific savings compared to service reductions.

Value for Money Profile

We have reviewed the Audit Commission Value for Money (VfM) profile for the Authority. Please note that this section contains comparators with your statistical nearest neighbours. These are the other County Councils which are most like Leicestershire County Council. This is a different benchmark group to that used for the analysis in previous sections of the report, which focussed on our other audit clients. The most recently available information is for the 2012/13 financial year.

Your planned net expenditure per head for 2013/14 is lower than the average against your benchmark group:

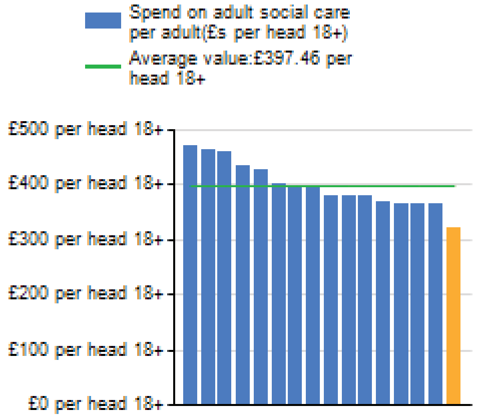


Financial Resilience: The specific measures identified in the 'financial resilience' section of the VFM profile show that during 2012/13 against your statistical nearest neighbours:

- Council tax requirement was in the middle third at £240.339m against an average of £278.682m;
- Income from fees and charges was in the middle third at 7.46% of total spend. The average was 8%;
- Non-school reserves are in the middle third at 15.1% of net expenditure;
- Spend on management and support (back office) services as a proportion of total service spend was significantly lower than at other County Councils, being at 1.5% compared to an average of 6.1%; and
- The total value of assets is in the lowest 10%.

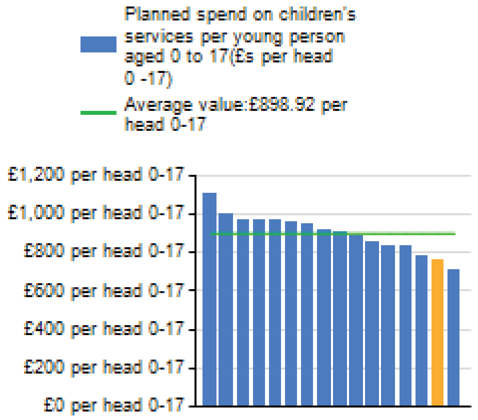
This indicates a broadly positive, financially resilient position. There is a low relative planned spend in most areas, low management support & back office costs and average levels of income from fees and charges. The level of your reserves was explored in a previous section of the report.

Adult and Social Care (ASC): spending per person on ASC is in the lowest 10% and is the lowest in your benchmark group by a clear margin. This is particularly the case in services for older people (lowest 10%) and adults with learning disabilities (lowest 20%). There is average spend on adults with mental health needs and those with a physical disability.

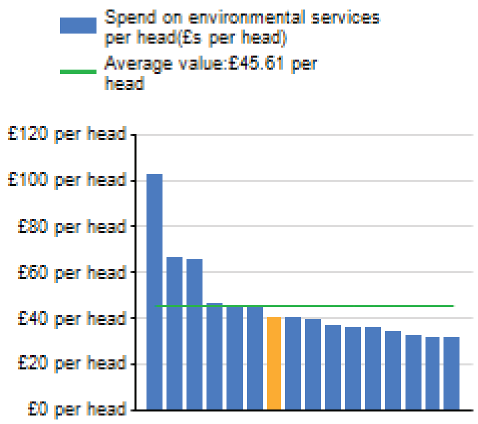


The performance indicators also show that a good service is generally being delivered in those areas. For example, in relation to the number of delayed transfers of care performance is average and improving for the latest period available.

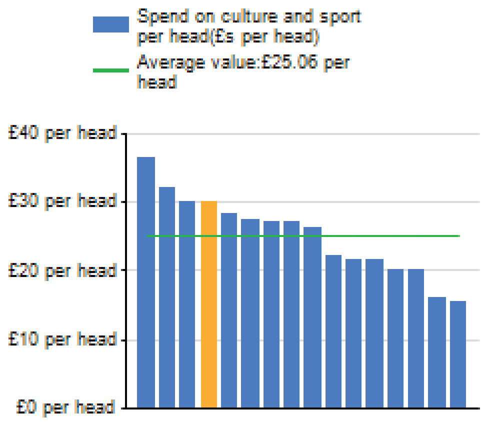
Spend on children's services and young people aged 0 - 17: planned spending per young person is in the lowest 20% of your benchmark group. This is reflected across all key areas of spend, such as social services, looked after children and special educational needs:



Environmental Services: spend on environmental services has decreased from being well above average in 2005/06 to at or below since 2007/08. This continues to be the case:

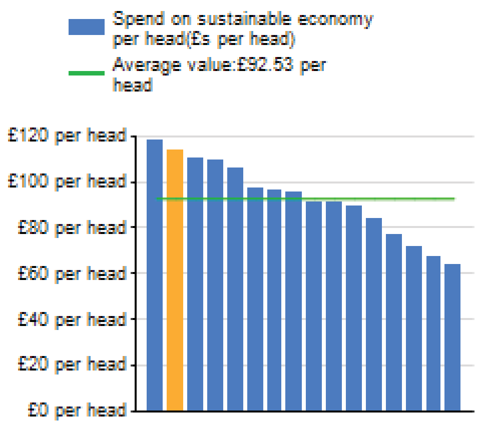


Culture and Sport: spend per person is above average when compared with the benchmark group:



This benchmark reflects your provision of a museums service; in most other County Council areas in the benchmark group the museums service is typically provided at District Council level.

Sustainable Economy: total spend on sustainable economy activities is above average, as is the total spend on highways and roads (in the highest 10%):



Outliers reporting: The Audit Commission tool identifies any significant outliers from their data. The most relevant are as follows:

- The number of adults with mental health needs aged 18-64 receiving direct payments is in the highest 5%;
- The number of weeks residents aged 18-64 with mental health needs spent in own provision residential placements is in the highest 5%;
- Income from libraries, museums and archives, and from arts, tourism and the historic environment, are all in the highest 5% as a percentage of spend;
- Income from area based grant as percentage of total spend is in the lowest 10%;
- Spend on street cleaning, planning, planning policy, museums and galleries and trade waste are all in the top 5%;
- Planned spend on schools per pupil aged 3 to 19 is in the lowest 10%.

No other significant outliers were identified.

Overall: In overall terms, your spend tends to be below average in the largest areas when compared to other County Councils, particularly for Adult and Social Care and Services for Young People. You also typically continue to produce good performance when performance indicators are reviewed.

Prioritisation of resources

You undertook an extensive consultation process over the past 12 months, in preparation for the MTFS process during 2013 and through your scrutiny process to involve members. You identified clear priorities in this process and these have influenced the decisions you made in your most recent MTFS.

You have consulted in preparation for this MTFS and have taken account of responses as part of your financial plans. Your MTFS shows that you have, in broad terms, prioritised your services in the areas of greatest need.

Section VI: Conclusions

Conclusions

You have set a challenging and robust MTFS after going through a process of extensive consultation. The key points we have noted are:

- You have demonstrated in the past that you have robust programme management arrangements in place and that you achieve the savings targets which you have set yourself. However, the scale of the challenge in the medium term, particularly during 2015/16, is more significant than what you have faced to date. This is something you recognise through the establishment of the Transformation Board and the additional resources you have put in place;

- You have applied a number of prudent assumptions in setting your MTFS. In some cases these were more prudent than in our benchmark average. However, we believe these are realistic assumptions which will help you to meet manage the financial risks which exist over the plan period;

- The Audit Commission value for money profile, whilst backwards looking, continues to show a number of key areas where the Authority is providing services which can demonstrate value for money when compared with other County Councils;

- You have set aside a significant level of earmarked reserves and a level of contingency to manage future cost pressures. Whilst these are larger than in other similar Local Authorities, we believe that you have taken a prudent approach in setting your MTFS. These reserves will be required to effectively deliver the transformation you require.

In conclusion, we have reviewed your MTFS and the assumptions which lie behind it. We have compared you with other, similar Local Authorities and taken into account our wider understanding of the Local Government sector. Our work in this particular area has not identified any issues which would lead to an unqualified value for money conclusion.

However, despite the preparation you have undertaken and the prudent assumptions you have made, there continues to be a risk around delivery of your MTFS. The main risks you face as an organisation to non achievement of your medium term financial strategy are consistent with those we reported to you in 2013 and can be summarised as follows:

Risk

Slippage: you may not be able to identify or achieve the savings you want either from a service reduction or through efficiencies.

Timing: The timing of savings, service reductions and funding announcements will impact how you deliver against your MTFS.

Assumptions: We have gone some way above to assess the assumptions you have applied in your MTFS. If these assumptions turn out to be false, this would have a significant impact on your ability to deliver a balanced budget over 4 years.

Policy: Current and future changes in government policy have the potential to fundamentally alter the framework within which the MTFS has been developed. Examples may include further integration of Health and Social Care, the impact of the Care Bill and future Comprehensive Spending Reviews.

Appendix: Scope of Work

In our audit plan we set out our areas of focus for the year. One of these was the significant savings requirement to balance your budget over 4 year period.

We agreed to undertake a review of your Medium Term Financial Strategy (MTFS). This work will be done as part of our work on Use of Resources. In particular, this will contribute towards our assessment of you against the Audit Commission's criteria for 2013/14 which consider whether you have proper arrangements in place for:

- securing financial resilience; and
- challenging how you secure economy, efficiency and effectiveness.

Our proposed areas of focus are as follows:

Area of Focus	**Proposed work.**
Programme management	Review the governance structure in place to deliver your plans (including extent of Member involvement), the level and extent of accountability including escalation of issues, and how your monitoring and reporting will work.
Progress to date	• Undertake a detailed review of how you have managed your 2013/14 savings programme; • Investigate the reasons behind any significant variations from the plan; and • Consider how this is connected with the forward-looking MTFS.
Assumptions	Review the key assumptions included in the MTFS, comparing them with best practice and those used by other Local Authorities.
Sensitivity analysis	• Apply sensitivity analysis to key assumptions; and • Consider the impact of potential changes to key assumptions and the rigour behind the MTFS.
Economy, efficiency and effectiveness	• Assess how you have prioritised resources as part of the MTFS; and • Update our understanding of your arrangements to review the value for money which your services provide and the actions you have taken in response.
Reserves	Consider the adequacy of your planned level of reserves and contingencies against your stated policy and the level of future risk in delivering the MTFS.

We intend to undertake this work during March 2014 in conjunction with the finance team. We plan to meet with the following people to discuss the points of focus outlined above:

- Judith Spence and Chris Tambini;
- Mick Connell and Business Partner (Adults and Communities);
- Lesley Haggar and Business Partner (Children and Young People's); and
- Phil Crossland and Business Partner (Environment and Transport).

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