



Meeting: **Cabinet**

Date/Time: **Tuesday, 15 December 2020 at 2.00 pm**

Location: **Sparkenhoe Committee Room, County Hall, Glenfield**

Contact: **Mr. M. Hand (Tel. 0116 305 6038)**

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Membership

Mr. N. J. Rushton CC (Chairman)

Mr. R. Blunt CC Mr. J. B. Rhodes CC
Mr. L. Breckon JP CC Mrs H. L. Richardson CC
Mr. B. L. Pain CC Mr. R. J. Shepherd CC
Mr. T. J. Pendleton CC Mrs D. Taylor CC

SUPPLEMENTARY REPORT

<u>Item</u>	<u>Report by</u>	
4. Medium Term Financial Strategy 2021/22-2024/25 - Proposals for Consultation.	Director of Corporate Resources	(Pages 3 - 60)



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CABINET – 15TH DECEMBER 2020

PROVISIONAL MEDIUM TERM FINANCIAL STRATEGY
2021/22 - 2024/25

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PART A

Purpose of the Report

1. The purpose of this report is to set out the proposed Medium Term Financial Strategy (MTFS) for 2021/22 to 2024/25, for consultation and scrutiny.

Recommendation

2. It is recommended that:
 - (a) The proposed Medium Term Financial Strategy, including the 2021/22 revenue budget and capital programme, be approved for consultation and referred to the Overview and Scrutiny Committees and the Scrutiny Commission for consideration;
 - (b) The Director of Corporate Resources, following consultation with the Cabinet Lead Member for Resources, be authorised to -
 - i.) agree a response to the draft Local Government Finance Settlement;
 - ii.) decide on the appropriate course of action for the Leicester and Leicestershire Business Rates Pool in 2021/22 and subject to agreement by all member authorities to implement this;
 - (c) A further report is submitted to the Cabinet on 5th February 2021.

Reasons for Recommendation

3. To enable the County Council to meet its statutory requirements with respect to setting a budget and Council Tax precept for 2021/22 and to provide a basis for the planning of services over the next four years.
4. To ensure that the County Council's views on the Local Government Finance Settlement are made known to the Government.

5. To enable the County Council (alongside the pooling partners) to respond to the Ministry of Housing, Communities and Local Government in respect of the Business Rates Pool within 28 days from the draft Local Government Finance Settlement.

Timetable for Decisions (including Scrutiny)

6. The external consultation on the MTFs will take place from 16th December 2020 until 17th January 2021. The MTFs will be considered by the County Council's Overview and Scrutiny bodies between 13th and 25th January 2021 as follows -

Health - Wednesday 13th January

Environment and Transport - Thursday 14th January

Adults and Communities - Monday 18th January

Children and Families - Tuesday 19th January

Scrutiny Commission - Monday 25th January

7. The Cabinet will then consider the comments of the scrutiny bodies and responses from the wider consultation process at its meeting on 5th February 2021. The County Council meets on 17th February 2021 to consider the final MTFs.

Policy Framework and Previous Decisions

8. The MTFs is a rolling financial plan that is updated annually. The current MTFs was approved by the County Council on 19th February 2020. The County Council's Strategic Plan (agreed by the Council on 6th December 2017) outlines the Council's long-term vision for the organisation and the people and place of Leicestershire. The MTFs, along with other plans and strategies such as the Transformation Programme, aligns with and underpins the Strategic Plan.
9. The County Council declared a Climate Emergency in May 2019 and committed to achieve carbon neutrality from its own operations by 2030. The Strategic Plan and the Environment Strategy are currently being updated to embed the new commitments into all areas of the Council's activities.

Legal Implications

10. The Director of Law and Governance has been consulted on this report.
11. The function of the County Council in setting its budget in due course will engage the public sector equality duty which is set out in the Equality and Human Rights Impact Assessment (EHRIA) section below. An overarching and cumulative impact assessment will be available for the County Council when it considers the budget; it is important to note that the duty does not arise at a fixed point in time but is live and enduring and decision makers are required to have 'due regard' to the duty at each stage in the process'.

Resource Implications

12. The MTFS is the key financial plan for the County Council.
13. The County Council is operating in an extremely challenging financial environment following a decade of austerity and spending pressures, particularly from social care. The financial position in 2019/20 has been severely affected by Covid-19 and the on-going financial impacts of the pandemic are unclear. There is also significant uncertainty and risk around future funding levels. This is despite Government announcements in 2019 that austerity was coming to an end.
14. The Office for Budget Responsibility's (OBR's) economic forecast created an eye-catching comparison in the recent Spending Review (SR). With Gross Domestic Product(GDP) forecast to shrink by 11.3 per cent in 2020 this will be the largest annual fall since the Great Frost of 1709. To quote the Washington Post:

“In that winter three centuries ago, temperatures were so consistently low that crops withered, wine barrels burst and people froze to death in their homes. The economy was devastated — historians think the country's gross domestic product declined 13 percent over the year.”
15. The impact of this sharp fall in GDP will be unprecedented peacetime increases in Government borrowing – forecast to be anything between 13 and 21% of GDP. Potentially twice what it was during the credit crunch and in all but the most optimistic end of this projection taking debt above 100% of GDP.
16. In the midst of the Covid crisis it was too early for the Chancellor to set out his plans to repair the nation's finances, particularly with continued uncertainty over the United Kingdom's future trading relationship with the European Union. It would be a nervous chancellor who relies purely on continued low interest rates. We must anticipate that Local Government's funding position will be impacted, whether through cuts, the requirement to raise local taxes or both.
17. The single year SR did allow for an easing in grant reductions, although the majority of headline increases in Local Government spending were either temporary or funded by assumed Council Tax increases. There was minimal reference to the long-promised reforms to Adult Social Care, Children's Social Care, Special Educational Needs and Disability (SEND), Fair Funding and Business Rates Retention. These reforms are essential for long term sustainability of Local government, although experience shows that badly implemented reforms can make the situation worse.
18. The Covid Crisis has had an unprecedented impact on the County Council's finances. The additional costs and lost income in the current financial year are forecast to be around £85m. The County Council has survived the crisis through a combination of Government support, introduction of expenditure controls and re-prioritisation of discretionary spend.

19. The direct implications of the virus will still be felt at the start of next year, with positive vaccine news raising hopes that a return to normality can begin. However, the economic damage will take several years to repair reducing tax income and driving service demand. Furthermore, some services may never return to normal, use of public transport and the demand for different care settings are prime examples. If history is a guide government support will be scaled back far before the financial implications have ceased. To deal with the uncertainty the County Council will have to direct resources to manage the transition to reduced support.
20. Delivery of the MTFS requires savings of £92.1m to be made from 2021/22 to 2024/25. This MTFS sets out in detail £30.0m of savings and proposed reviews that will identify further savings to offset the £36.3m funding gap in 2024/25. A further £25.8m of savings, including on going cost avoidance from the creation of additional school places, will be required to ensure that High Needs funding can be contained within the Government grant. Strong financial control, plans and discipline will be essential in the delivery of the MTFS.
21. To ensure that the MTFS is a credible financial plan, unavoidable cost pressures have been included as growth. By 2024/25 this represents an investment of £58.7m, primarily to meet the forecast increase in demand for social care. The MTFS also includes a £56m provision for pay and price inflation.
22. Balancing the budget is a continued challenge. With continual growth in service demand recent MTFSs have tended to show 2-years of balanced budgets followed by 2-years of growing deficits. This approach balances the need for sufficient time to identify initiatives that will close the gap without cutting back services excessively. The draft MTFS forecasts the minimum requirement of a balanced budget next year, but the following three years are all in deficit.
23. The deficit forecast in 2022/23 is a concern but manageable whilst the full range of options remain open to the County Council. New savings could be identified or service growth suppressed; Council Tax could be increased above the current assumption by up to 3% over the next two years; a third option of waiting for the spending review in 2021 is not recommended without a quick to implement contingency. A heightened focus on the County Council's finances is required whilst this situation remains.
24. The draft four-year capital programme totals £449.8m. This includes investment for services, road and school infrastructure arising from housing growth in Leicestershire, the corporate asset investment fund, social care accommodation and energy efficiency initiatives. Capital funding available totals £303.8m with the balance of £146m being temporarily funded from the County Council's internal cash balances in advance of section 106 contributions and other funding being received in the future, e.g. increased capital receipts or new grants.
25. To deal with the challenges that the County Council has faced in recent years, as the lowest funded County Council, a proactive approach has been required. Given the heightened uncertainty the more important it is that the County Council keeps this focus.

Circulation under the Local Issues Alert Procedure

26. This report has been circulated to all Members of the County Council. A briefing will also be provided to all Members.

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PART B

Covid-19

27. The unprecedented nature of Covid-19 pandemic forced the UK Government to restrict large portions of the UK economy, pushing the country into recession. This result in a double impact of drastically increased costs to deal with the health emergency whilst trying to reduce the economic damage caused by the recession. This scenario has been mirrored at a local level throughout the country.
28. Council Tax and Business Rates account for the majority of the County Council's funding. Once set the main determinant of the amount collected is the state of the economy. The OBR expects the unemployment rate to rise to a peak of 7.5% in Q2 2021, compared to a pre-crisis rate of 3.8% in 2019, which will drive large increases in the £28m of Council Tax support paid in Leicestershire. The economy is not expected to reach pre-crisis levels until the end of 2022. The worst case scenario of three years of lost housing growth would equate to £15m lower income per year than previous forecasts.
29. Behavioural changes and expectations will last long after the pandemic has ended. This will impact the services that the County Council provides directly and those that it provides financial support to. Examples are the impact on Care settings, public bus subsidies and traded services provided to schools. These are expanded on in the following paragraphs.
30. The County Council spends £200 million each year on the provision of social care services. Approximately half of this is for residential placements, which have been particularly impacted by the pandemic. The Care Home market is facing growing costs due to increased infection control expectations, such as restrictions on the movement of staff between care settings, and reduced income as peoples' preferences change. In the current year these financial implications have been mitigated by a combination of Government support (grants and free PPE) and significant payments above contract level by the County Council. The nature of the financial implications mean that they will only settle at their long-term position gradually, when the market establishes a 'new normal'.
31. The County Council subsidises public buses and reimburses concessionary fares by £7 million per annum. This only reflects a small element of the overall bus network's funding with over 90% of journeys fulfilled on a purely commercial basis. The pandemic has changed people's preferences for mode of transport, increased the level of working from home, and hastened the decline of bricks and mortar retail. This loss of income to operators has been mitigated by increased County Council subsidies, paying concessionary travel reimbursements at last year's levels, and additional government grants. Although journey numbers have reduced this additional support has so far mitigated against withdrawal of commercial services. Without a change in approach it will cost the council more to subsidise a service that the public benefits less from.

32. The County Council provides a range of services to schools on a traded basis, the most significant being the school food service. The closure of schools and the reduced attendance when they have been open has resulted in a significant decline in income. To compensate for lost income staff were furloughed, costs controlled, and the Government's lost income compensation scheme utilised. However, several traded services will still operate at a net cost to the County Council in 2020/21. Changes in habits developed during the pandemic, such as the choice between school meals and a packed lunch, may be hard to reverse when it is over.
33. Several elements of support for the impact of Covid-19 in 2021/22 were announced as part of the Spending Review (SR). With the expected benefit from the roll out of vaccinations and improvements in managing the pandemic it is natural that the support offered is lower than 2020/21. However, the funding set aside, detailed in the bullet points below, is likely to be much less than is needed.
- £1.55 billion of un-ringfenced grant for councils to manage the immediate and long-term impacts of the pandemic. Based upon the latest allocation will be worth c. £5m, which is equivalent to less than 2 months' worth of the support received this year.
 - £670 million to support the households least able to afford council tax. This is one third higher than the hardship grant distributed in 2020/21 despite unemployment being expected to more than double.
 - Provision of free PPE until the end of 2021/22. This is an improvement on the current year where the provision was only for 6-months.
 - Infection Control funding assumed to stop, despite government legislating for the continuation of the related measures. It was worth £13 million in 2020/21.
 - Scheme to compensate for 75% irrecoverable loss of council tax and business rates is assumed to stop. Estimated to be worth in excess of £10 million.
 - Furlough scheme assumed to stop. It was worth £2 million in 2020/21
34. Indications are the Government intends to revert to its approach earlier in the pandemic when insufficient financial support was given until the detrimental impact could no longer be ignored. The difference next year is that with the end of the pandemic in sight Government may not respond. It is essential that the County Council is equipped to deal with the ensuing financial crisis locally.
35. The improving financial position in the current year provides the opportunity to create a Covid-19 budget to help manage the position in 2021/22. Whilst this will be one-off in nature it will allow the financial position to be managed without distracting from the task of balancing 2022/23 which is even more challenging.

2020 Spending Review

36. On 25th November 2020 the Chancellor of the Exchequer delivered the 2020 Spending Review (SR). It had been intended to be a Comprehensive Spending Review covering a three-year period but due to the economic impacts of Covid-19 the announcement only related to 2021/22 and gave no indication of the levels of

funding for 2022/23 and later years. The main details relating to the funding of the County Council are set out below:

- Core Spending Power (CSP) will increase by 4.5%, with most of the increase relating to greater “council tax flexibilities”. The “core” council tax referendum threshold for 2021/22 will remain at 1.99% and there will be flexibility for the Adult Social Care precept to increase by 3% in 2021/22, or for that increase to be spread over 2021/22 and 2022/23.
- The SR included additional grant of £300m for adult and children’s social care and confirmed that the £1bn social care grant in 2020/21 will be rolled forward. All additional funding for social care announced in previous years, including the winter pressures and adult social care grant will continue.
- The SR included £1.5bn for additional Covid-19 related expenditure pressures in 2021/22. It is not yet clear whether this funding will be allocated as part of the Local Government Finance Settlement in December 2020 or if Ministers will choose to wait until a later date when spending patterns become clearer.
- A scheme to compensate Councils for 75% of irrecoverable loss of council tax and business rates revenues in 2020/21 has been established initially set at £762m. Further details are awaited.
- The Covid-19 Sales, Fees and Charges (SFC) compensation scheme will be extended into the first quarter of 2021/22.
- The SR confirmed the continuation of funding for the Troubled Families programme, providing intensive support to families facing multiple interconnected problems.
- The New Homes Bonus grant will continue for a “further year with no new legacy payments”.
- The Small Business Rates Multiplier will be frozen in 2021/22 (instead of increasing by 0.6%) but local authorities will be fully compensated via a specific grant.
- A fundamental review of the Business Rates Retention System will report in Spring 2021. There will not be a reset of the business rates baseline in 2021/22.
- The government has announced a further £1.7bn for pothole repairs and for roads maintenance in 2021/22. No further detail, including distribution, is currently available.
- Disappointingly for Directors of Public Health their grant funding will only “continue to be maintained”. This has been interpreted nationally as no

inflationary increases, which if correct would require savings to be identified.

- The government has revealed further details of its UK Shared Prosperity Fund, though any further details on funding and distribution will be outlined early next year. A proportion of the fund will 'target places most in need', such as ex-industrial towns, deprived areas, and rural and coastal communities. The SR documents say that the government will 'ramp up' funding so that it will 'at least' match the current receipts from the EU's Structural Funds. However, the distribution of the Prosperity Fund will be key – with county areas receiving the largest share of the current round of Structural Funds.
 - The government also announced a 'Levelling-Up Fund', worth £4bn and packaged as part of a new National Infrastructure Strategy. The fund will allow for bids of up to £20m – which could be extended in certain projects. Bids will need to have local support and are time-limited to this Parliament. Projects could include bypasses and other local road schemes, bus lanes, railway station upgrades, regenerating eyesores, upgrading town centres and community infrastructure, and local arts and culture. It will be open to all local areas in England and the government prioritise bids to drive growth and regeneration in places in need, those facing particular challenges, and areas that have received less government investment in recent years.
 - £300 million in 2021/22 for new school places for children with special educational needs and disabilities. No details of how to access this funding have been released.
37. The focus of the SR was undoubtedly Covid-19 and few clues were given on long term funding intentions. However, it was notable that Capital, Investment and Infrastructure were all in the top-10 words in the SR document. This is in common with other policy statements, when not dominated by the pandemic, that describe a renewal of Britain.
38. The investment targeted at Local Government will inevitably require local funding to participate in bidding competitions or through match-funding. In recent years the County Council has been fortunate to be able to supplement capital funding with revenue resource. The pandemic has prevented this in the current year, although the reduced capital programme envisaged to fund the overspend should no longer be required due to the irrecoverable tax losses scheme mentioned above. To make the most of the investment funding on offer opportunities to add to the, already oversubscribed, future Development Fund will need to be taken.

Expected Reforms

39. In February 2020, the Education Secretary, Gavin Williamson promised a "fundamental look across children's social care". However, due to the Covid-19 crisis the review was delayed. Last month, the Children's Minister, Vicky Ford, announced on November 5th 2020 that a review would be recommencing.

40. At the same time she also referred to the Government's review of special education needs and disabilities (SEND), initially launched in September 2019. She stated that it is progressing well and is considering measures to make the system "more robust and high quality" and "getting in early to really help those children". The review is expected to assess how this system has evolved since the introduction of education, health and care plans back in 2014, and school funding reform in 2013, and look at links with health care provision and talks about aligning incentives and accountability for schools, colleges and local authorities to make sure they provide the best support for children and young people with SEND. However, again because of delays due to Covid-19 the report won't be published until 2021. Furthermore, there are serious concerns that the review will not adequately address the affordability of the system.
41. The other major review which continues to be delayed is the funding reforms for Adult Social Care linked to the outcome of the review chaired back by Sir Andrew Dilnott back in 2011. One of the key recommendations arising from this review was to place a cap on social care costs. The impact of this would be to further increase the burden of social care costs falling on the public sector when the underlying increase in demand due to an ageing population is already driving a significant escalation in costs. The Government stopped the reforms in 2015 due to affordability. Following this suspension, a Green Paper was promised in the summer of 2017. The paper has been delayed several time since, although this was the only reform mentioned in the SR "the government is committed to sustainable improvement of the adult social care system and will bring forward proposals next year."
42. So it is important to be mindful that whilst the Government's renewed enthusiasm for addressing these issues is welcomed, there is no guarantee that it will actually be beneficial to LCC financially and potentially could increase costs.

Local Government Finance Settlement

43. The 2021/22 provisional Local Government Finance Settlement is due to be released in mid/ late December 2020. Local Government legislation will require a period of consultation on the announcement of usually around four weeks, prior to a debate on the Settlement in the House of Commons.
44. Given that the 2020 Spending Review relates to 2021/22 only, it is anticipated that the Settlement will also only relate to that financial year.
45. The MTFs is based on the following assumptions:
- As implied by the SR, the 2021/22 Settlement will be broadly similar to the levels of the 2020/21 Settlement.
 - The County Council will receive a 0.9% (£2.7m) allocation of the additional £300m social care grant funding in the SR.
 - Core Council Tax increases of up to 1.99% will be allowed without a referendum.
 - The Adult Social Care precept will be extended to allow an increase of 3% in 2021/22 with the flexibility to spread the increase over 2021/22 and

2022/23. At present the MTF does not include this potential increase in council tax.

- No changes to the current 50% Business Rates retention scheme for 2021/22; proposals on a change to a 75% scheme from 2022/23 are under development.

46. These assumptions will be reviewed and updated as appropriate based on the provisional Settlement.
47. Funding for services received through specific grants is not covered by the Settlement, for example: High Needs funding (Dedicated Schools Grant), the Better Care Fund, Public Health Grant and all capital grants. Some amounts for 2021/22 may not be confirmed in the current financial year and the ongoing implications are subject to significant uncertainty.

Spending Power

48. The Government uses a measure of core spending power in assessing an authority's financial position. LCC's historic core spending power from the previous Settlement are shown below. The key thing to note is that over this period Revenue Support Grant (RSG) has disappeared completely by 2019/20 compared to a figure of £56m back in 2015/16 although in compensation for these reductions, additional specific funding streams have increased. Although a degree of certainty would be expected from having no RSG, Government have retained the potential for negative RSG. The elimination of negative RSG will again be part of the consultation on the Settlement, which does nothing to aid planning.

49. The elements of core spending power from the previous Settlement are shown below:

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Settlement Funding Assessment: RSG	56.2	37.0	19.5	8.5	0.0	0.0
Settlement Funding: Business Rates	60.5	57.4	58.7	60.9	62.9	64.4
Council Tax*	233.4	242.8	253.1	266.8	279.2	290.6
2% Council Tax for Adult Social Care	0.0	4.8	10.0	18.7	22.4	29.5
Improved Better Care Fund (iBCF)**	0.0	0.0	9.5	12.4	14.8	17.2
New Homes Bonus	3.3	4.3	4.1	3.7	3.7	3.7
Transition Grant	0.0	3.3	3.3	0.0	0.0	0.0
Adult Social Care Support Grant	0.0	0.0	2.4	1.5	0.0	0.0
Winter Pressures Grant #	0.0	0.0	0.0	2.4	2.4	0.0
Social Care Support Grant	0.0	0.0	0.0	0.0	4.1	13.0
Core Spending Power	353.4	349.6	360.6	374.9	389.5	418.4

*DCLG forecasts of Council tax and Council tax base increases, which are slightly different from those used by the County Council.

** includes one-off Social Care Grant announced in the Budget 2017, and Winter Pressures Grant of £2.4m added in 2020/21.

Grant shown as part of iBCF in 2020/21.

50. The table shows that after a reduction in 2016/17, 'core spending power' increased in cash terms by £65m (18.4%) by 2020/21. With inflation running at circa 3% each year this represents a small real terms increase but provides little allowance for increasing populations and the significant increasing service demands local authorities are facing especially around social care services.
51. Moreover, the core spending power measure assumes council's increase council tax by the maximum amount permitted, including raising the full social care precept. Whilst LCC has always done this since the social care precept was introduced, it is mindful that in doing so has raised council tax above inflation for a number of years.
52. Government's assumption and a factor in new social care grant allocations, is that the full increase in the Adult social Care precept is taken. This would result in a core spending power of £429.5m in 2021/22. The draft MTFs is based upon a 1.99% increase in 2021/22 which results in a core spending power of £420.2m - an increase of just 0.4% on the 2020/21 figure.
53. The inherent problem with the current Government methodology to setting funding is that it takes no account of the relative funding position of individual authorities.
54. There are still significant risks due to the uncertainty of future funding levels. Due to Covid-19, the government has only undertaken a spending review covering one year.

Funding Reforms

55. Local Government funding went through considerable upheaval in the 2010s. Government grants were substantially reduced; Council Tax fell in real terms until 2015 when the Adult Social Care Precept was introduced; since 2013 business rate retention has rewarded councils with a share of local growth; and new grants have been introduced in a piecemeal response to the social care funding crisis.
56. Following increasing complaints about the application of austerity related cuts, in February 2016 the Government announced a 'fair funding review' and reform of business rate retention. The County Council has been a vocal advocate of the reforms, as have a cross-party support group, the County Councils' Network (CCN).
57. The County Council has been historically underfunded in comparison with other authorities, including other counties and has for some years been running a campaign to raise awareness of this and to influence the outcome of government funding reforms. If it was funded at the same level as Surrey, it would be £106 million per year better off, or £301 million, compared to Camden.

58. The Government has accepted many of the arguments put forward and has indicated a preference for a simpler system that recognises the relative need of areas, rather than just reflecting historic funding levels. Consultation documents on the reforms indicated a positive outcome.
59. Unfortunately, the 'Indicative numbers' for funding allocations to individual councils have never been made available and the reforms postponed from the 2019/20 implementation date. Following the SR the Secretary of State wrote to all local authorities confirming that the reforms would not be implemented in 2021/22 and that Government would simply "work with the sector on the way forward".
60. This non-comittal stance on reforms may be partly explained by Government's enthusiasm for its Levelling up agenda. It may also be explained by Government's increased use of specific grants through the Covid-19 crisis to direct Local Government. The working assumption is that there will not be any benefit from funding reforms and financial problems will need to be solved locally.
61. Away from the headline grants Government has continued to tinker with funding allocations. Some examples of planned and potential changes that have a detrimental impact are given in this report:
- Withdrawal of New Homes Bonus (£4m)
 - No inflationary increase on Public Health grant (£0.5m)
 - Reduction in schools' Central Services Block (£0.2m)
62. The "Other Grants and Funds" section of this report show the main specific grants received, several have not been confirmed and are unlikely to be until the new year. Some grants are also impacted by economic measures, most notably inflation. The main impact is felt on retained business rates where a 0.5% fall in inflation results in £0.3m less income. To deal with anticipated reductions and mitigate and surprises close to the start of the financial year a £3m allowance has been made for grant reductions.

Business Rates

63. The two main components of the business rates retention scheme income received by the County Council are the "baseline" and "top up" amounts. The baseline is the County Council's share (9%) of business rates generated locally and the top-up is allocated to the County Council to compensate for the small baseline allocation. The proposed MTFS includes an assumption that the Baseline and Top-Up will increase by 0.5% in 2021/22 in line with the Consumer Price Index (CPI) in September 2020.
64. The Government had indicated its intention for a full reset of baselines in 2020/21 but this was postponed until 2021/22 and, due to the pandemic has been deferred again until 2022/23. This will result in councils losing their share of accumulated growth. For the County Council this amounts to £3m per annum, and the income to the Leicester and Leicestershire Enterprise Partnership (LLEP) from the Leicester and Leicestershire Business Rates Pool would reduce by circa £8m.

65. When Government makes changes to the national Business Rate Scheme compensation for funding losses are made through a series of grants. These were worth £4m in 2020/21 and are expected to be maintained.
66. The Government introduced the Business Rates Retention System from April 2013 and as part of these changes Local Authorities were able to enter into Pools for levy and safety net purposes. Net surpluses are retained locally rather than being returned to the Government as would have been the case if no Pool had existed. The current pooling agreement between the partners allows the surplus to be provided to the LLEP for investment in the wider sub-regional area.
67. The 'Leicester and Leicestershire Pool' for business rates increases the amount of growth that can be retained locally rather than being returned to the Government. In total £42m is forecast to have been retained in Leicestershire since 2013/14, due to the success of the Pool, with a further potential surplus of £8.4m in 2020/21.
68. The Partners will decide in January 2021 on whether to continue with the Pool in 2021/22. Although the medium term economic effects of Covid-19 on business rates overall income are likely to continue to reduce the levels of surpluses that can be achieved, continued pooling is expected to remain beneficial.

Council Tax

69. The Localism Act 2011 provides for residents to instigate local referendums on any local issue and the power to veto excessive Council Tax increases. A cap on the core increase of 2% is in place for County Councils for 2021/22. In addition, they are permitted to raise by an additional 3% to fund adult social care (the adult social care precept). This can be levied in either 2021/22, in 2022/23, or spread between the years providing the total additional increase over the two years does not exceed 3%.
70. The most financially significant decision of any budget is usually the level that Council Tax will be increased by. This is not just a consideration for the current year, it impacts the level of income available ad infinitum. Every 1% Council Tax is increased by is worth £3.2m to the County Council and costs each household in a band D property an additional £13.50 per year. The 2021/22 draft budget assumes a 1.99% increase, which contributes towards a balanced budget. If this increase was not taken service cuts would be the inevitable consequence.
71. The decision for how much of the 3% adult social care precept to implement is more balanced. Influences for a low increase include:
 - Unemployment is growing rapidly
 - Wage growth will stagnate
 - Inflation is currently running below 2%

Pressures for a higher increase include:

- Additional income generated in 2021/22 can be directed at priorities
- Future years are not balanced driving the need for new savings

- Income raised for services is predominantly targeted at those in need
 - Government funding allocations assume the 3% is taken regardless of the level set by individual authorities
72. The draft MTFS is based on a council tax increase of 1.99% in 2021/22 and each subsequent year.
73. The overall quantum of funding expected to be raised through council tax has been reassessed in light of the Covid-19 pandemic. In the current year, district councils are seeing increased claims for council tax support, linked to increased unemployment and hardship across the County. Business rates income is also affected by this although this is more problematic for district councils. Overall, the County Council has built in an estimated shortfall compared to previous estimates of £14m in 2021/22, £10m in 2022/23 and £5m in later years.
74. This is reflected in the assumptions relating to the Council's taxbase. It is assumed that the tax base will fall by around 2.8% in 2021/22 but then rise by 2.9% in 2022/23, rise by 3.1% in 2023/24 and rise by 1.5% in 2023/24. Final Council Tax base figures for 2021/22 will be provided by the district councils in January 2021 and will be reflected in the report to the Cabinet on the 5th February 2021.
75. The district councils are providing quarterly monitoring information on the forecast Collection Funds surplus/deficit position. Formal estimates for the surplus/deficit will be received in January 2021 and reflected in the 5th February 2021 report.

Budget Consultation

76. The County Council performs an annual consultation on the draft budget. The results of this consultation will be reported to the Cabinet meeting on 5th February 2021. Comments on the proposals can be submitted by visiting the County Council's website (www.leicestershire.gov.uk) from 16th December 2020 until 17th January 2021.
77. As well as an annual consultation on the draft budget, it is important periodically to assess the views of the public, staff and stakeholders to inform the County Council's future financial priorities. An extensive public consultation exercise took place last year in the period between 12th June and 10th September 2019, the outcome of which was reported to the Cabinet on 22nd November 2019.
78. It is important that the results of this more detailed engagement continue to influence the County Council's budgetary decisions. A key finding from the consultation was that respondents felt that support for vulnerable people should be protected. Residential and community support for older people and mental health – plus special educational needs and disabilities, child protection and children in care – were in the top 10 services people did not want to see reduced.
79. The refreshed MTFS as presented continues to represent a good fit with the outcome of the 2019 detailed consultation. Further growth been provided to

ensure service levels can be maintained, despite significant increases in demand. There was also support for investing in land, property and other assets to generate future income streams as well as investing in energy/carbon reduction initiatives. The capital programme provides for investment in these areas.

2021/22 - 2024/25 Budget

80. The provisional detailed four-year MTFs, excluding Dedicated Schools Grant (DSG), is set out in Appendix A and is summarised in the table below. The provisional 2021/22 budget excluding DSG is detailed in Appendix B.

Provisional Budget	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Services including inflation	383.3	399.4	421.0	444.2
Add growth	13.8	14.9	15.0	15.0
Less savings	<u>-9.4</u>	<u>-8.0</u>	<u>-6.2</u>	<u>-6.2</u>
	387.7	406.3	429.8	453.0
Central Items	-9.1	-5.1	-1.1	-1.2
Less savings	<u>0.0</u>	<u>-0.1</u>	<u>0.0</u>	<u>0.0</u>
	378.6	401.1	428.7	451.8
Contributions to/from:				
Budget equalisation earmarked fund	4.0	1.0	3.0	5.0
General Fund	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Total Expenditure	<u>383.6</u>	<u>403.1</u>	<u>432.7</u>	<u>457.8</u>
Funding				
Business Rates	-67.0	-62.5	-61.6	-59.8
Council Tax	<u>-316.6</u>	<u>-332.3</u>	<u>-349.3</u>	<u>-361.7</u>
Total Funding	<u>-383.6</u>	<u>-394.8</u>	<u>-410.9</u>	<u>-421.5</u>
Shortfall	<u>0.0</u>	<u>8.3</u>	<u>21.8</u>	<u>36.3</u>

81. The MTFs is balanced in 2021/22 and shows shortfalls of £8.3m in 2022/23 rising to £36.3m in 2024/25. As set in out in the following section there is a range of initiatives currently being developed that will aim to bridge the gap.

Savings and Transformation

82. Overall, the balance between expenditure and income suggests a gap of £36m by the end of the MTFs period. Whilst the Council is optimistic that some additional funding may be made available to reduce this gap, it is clear that significant additional savings will still be required on top of the £30m that have been identified, £9.4m of which are to be made in 2021/22.

83. This is a challenging task especially given that savings of over £220m have already been delivered over the last eleven years. This was initially driven by the real terms reduction in government grants, which is in excess of £100m since

2010. In recent years, service demand pressures have become the main driver. The identified savings are shown in Appendix C and further detail of all savings will be set out in the reports to the Overview and Scrutiny Committees in January 2021.

84. The main four-year savings are:

- Children and Family Services (£16.0m). This includes savings of £13.2m from the Defining CFS For the Future Programme. This programme of work aims to improve outcomes for children, young people and their families whilst delivering significant financial savings.
- Adults and Communities (£8.1m). This includes £3m of further benefits from implementing the new Target Operating Model and £2m from implementation of digital assistive technology to service users.
- Public Health (£0.1m) from completing the Early Help and Prevention Review.
- Environment and Transport (£2.8m). Savings include £0.8m from improved options for the treatment of residual waste and £0.6m from a range of small scale opportunities that form the E&T Continuous Improvement Programme.
- Chief Executive's Department (£0.4m). This includes savings on staffing budgets from vacancy control and reducing the use of agency staff, and additional income.
- Corporate Resources (£2.5m). This includes savings of £0.7m from the Workplace Strategy, £0.6m from increasing returns from the Corporate Asset Investment Fund and £0.5m from Commercial Services.

85. Of the £30m identified savings, efficiency savings account for £27m, and can be grouped into three main types:

- a) Better commissioning and procurement (£10m)
- b) Service re-design (£14m)
- c) Senior management and administration (£3m)

86. It is estimated that the proposals would lead to a reduction of around 150 posts (full time equivalents) over the four-year period. However, it is expected that the number of compulsory redundancies will be lower, given the scope to manage the position over the period through staff turnover and vacancy control.

87. Further savings or additional funding will be required to close the budget shortfall of £8.3m in 2022/23 rising to £36.3m in 2024/25.

88. To help bridge the gap several initiatives are being investigated to generate further savings. Outlines of the proposals have been included as Appendix D - Savings under development. Once business cases have been completed and appropriate consultation processes taken, savings will be confirmed and included in a future MTFS. This is not a definitive list of all potential savings over the next four-years, just the current ideas. Without additional government funding over the medium term, further savings will still be required.

89. The development and ultimate achievement of these savings was already challenging, following a decade of austerity. The pandemic has increased the difficulty of delivery even further by; increasing the urgency of delivery; creating new pressures to be resolved and reducing people's capacity to work on savings.
90. The MTFS also includes the High Needs Block Development Plan which is reducing costs through increase local provision of places, practice improvements and demand reduction initiatives. The aim of the programme is to ensure that the expenditure can be contained within the allocation through the Dedicated Schools Grant. Savings of £26m are planned over the MTFS period.

Transforming the way we work – Strategic Change

91. The savings requirements contained within the MTFS remain the central driver for the Council's change portfolio. The body of work contained within the portfolio, refreshed annually, currently represents future savings targets in excess of £48m, including £21m for SEND. This will be aligned to the MTFS refresh to 2024/25 and the ongoing implementation of the County Council's Strategic Plan.
92. This latest refresh of the portfolio includes four primary programmes, each representing key drivers for change. Alongside the need for financial sustainability, the Council has introduced Carbon Reduction and Digital Value programmes and a revised 'Ways of Working' programme which will include supporting the County Council's Covid recovery work.
93. A key emphasis from the new MTFS is a focus on the identification of further internal efficiencies, productivity improvements and effective service decision making, spanning the County Council through a series of priority areas of work. Through evidence-based continuous improvement, this work will help to identify and capture new savings opportunities to be delivered.

Growth

94. The increasing costs of social care and SEND services are well documented. In 2021/22 these services are expected to account for more than three quarters of the County Council's service budget. This proportion is expected to be pushed even higher as these services also account for 95% of the service growth in the MTFS.
95. Over the period of the MTFS, growth of £58.7m is required to meet demand and service pressures with £13.8m required in 2021/22. The main elements of growth are:
 - Children and Family Services (£23.1m). This is mainly due to £17.2m for pressures on the Social Care placements budget arising from increased numbers of Looked After Children (over 10% per annum increase) and £4.9m for increased Social Care caseloads.

- Adult Social Care (£12.8m). This is largely the result of an ageing population with increasing care needs and increasing numbers of people with learning disabilities.
- Environment and Transport (£4.3m). This primarily relates to increased numbers of clients and costs on the Special Educational Needs (SEN) Transport budget.
- Chief Executive's (£0.2m). This includes provision for increased requirements on Legal Services and Business Intelligence.
- Corporate Resources (£0.7m). This mainly relates to cost pressures on ICT license subscriptions and support costs.
- Corporate Growth (£17.6m). This has been included to act as a contingency for potential further cost pressures in the later years of the MTFS – the amount has been set based upon historic levels of growth incurred. The contingency reflects that it is not possible to specifically identify all of the growth before the first year of a 4-year MTFS.

96. Details of proposed growth to meet spending pressures are shown in Appendix D to this report.

Inflation

97. The Government's preferred measure of inflation is the Consumer Price Index (CPI). In October 2020 this was 0.7% and the Office for Budget Responsibility (OBR) predicts it will increase to around 1.2% in 2021/22, 1.6% in 2022/23, 1.7% in 2023/24 and 1.9% in 2024/25.
98. However, the Council's cost base does not always reflect CPI. Energy and fuel increases, for example, have a much more significant impact. The pandemic is anticipated to have increased the disconnect to CPI with additional PPE, cleaning costs and higher insurance premiums examples of new pressures. The draft MTFS assumes 3% per annum inflation over the period 2021/22 to 2024/25.
99. The impact of the National Living Wage (NLW) is particularly significant. In recent years social care costs have been driven up by its continued increases, for which an additional provision has been made. The 2020-24 MTFS reflected the Government's manifesto commitment that the NLW will rise to £10.50 per hour by 2024. The Spending Review on 25th November 2020 included an increase to the NLW of 2.2% from £8.72 to £8.91, effective from April 2021. Although that increase is lower than anticipated, the element within the inflation contingency for the NLW has not been amended, due to additional pressures on care settings, including new legislation around staff movements. If Government maintains the manifesto commitment the lower increase will simply be caught up in future years.
100. The MTFS provides an estimated average increase of 1% in 2021/22, reflecting the Spending Review announcement of a pay award "pause" for staff earning more than £24,000 and £250 increases for staff earning £24,000 or less. The MTFS provides for annual pay awards in 2022/23 onwards of 2%, with an allowance for higher increases in the lower Grades to reflect the impact of the NLW.

101. The central inflation contingency includes provision for an increase of 1% each year in the employer's pension contribution rate, in line with the requirements of the actuarial assessment.
102. Detailed service budgets for 2021/22 are compiled on the basis of no pay or price increases. A central contingency for inflation is held, which will be allocated to services as necessary.

Central Items

103. Interest income relating to Treasury Management investments is budgeted at £2.8m in 2020/21. However, only £1.3m is now expected to be generated. This reflects significant decreases to the Bank of England base rates and the expectation that rates will remain at very low levels for the foreseeable future. Therefore in 2021/22 a budget of £1.3m has been included and a further reduction to £0.8m by 2023/24.
104. Capital financing costs are expected to decrease to £19.0m in 2021/22 (from £19.2m in 2020/21 and then to rise to £23m in 2023/24, mainly as a result of increasing financing requirements for the capital programme.
105. The budget includes revenue funding of capital expenditure, mainly for the Corporate Asset Investment Fund, as described later in the report, of £2.5m in 2021/22 and £1.5m in 2022/23 and later years.
106. Central grant income is projected to decrease in 2022/23 and later years, including the phasing out of New Homes Bonus grant and elements of social care funding. The Settlement may give more details on these grants.

Health and Social Care Integration

National Policy Context – the NHS Long Term Plan

107. Health and Social Care Integration continues to be a top priority for both the County Council and its NHS partners. Developing effective ways to co-ordinate care and integrate services around the person and provide more of this care in community settings are seen nationally and locally as key to improving outcomes and ensuring high quality and sustainable services for the future.
108. Nationally, it has been confirmed that the 2020/21 Better Care Fund (BCF) Policy Framework will be published in due course with systems continuing to focus effort into managing the Covid-19 pandemic. It is anticipated that the while the BCF policy framework and guidance for 2020/21 will essentially be a continuation of the 2019/20 guidance. BCF arrangements from April 2020/21 will be informed by the outcome of the national review, due later this year, which is expected to inform policy to 2023/24.

BCF National Conditions

109. The four national conditions set by the government in the policy framework for 2019/20 are expected to remain the same, and are:

- a) That a BCF plan, including at least the minimum mandated funding to the pooled fund specified in the BCF allocations and grant determinations, must be signed off by the Health and Wellbeing Board, and by the constituent local authorities and CCGs.
- b) A demonstration of how the area will maintain the level of spending on social care services from the CCG minimum contribution in line with the uplift to the CCG minimum contribution.
- c) That a specific proportion of the area's allocation is invested in NHS commissioned out of hospital services, which may include seven-day services and adult social care.
- d) A clear plan on managing transfers of care (and improving delayed transfers of care), including implementation of the national high impact change model for managing transfers of care.

Better Care Fund (BCF)

110. The Council has received funding from the NHS through the BCF since 2014/15 in line with levels determined by government. The BCF's purpose is to help the Council finance the delivery and transformation of integrated health and care services to the residents of Leicestershire, in conjunction with NHS partners.

111. BCF funding for Leicestershire in 2020/21 has been approved and is shown in the table below:

	2020/21 £m	
CCG Minimum Allocation	41.4	Level mandated by NHS England
IBCF	17.1	Allocated to local authorities, specifically to meet social care need and assist with alleviating pressures on the NHS, with emphasis on improving hospital discharge, and stabilising the social care provider market.
Disabled Facilities Grant	3.9	Passed to district councils
Total BCF Plan	62.4	

112. £19m of the CCG minimum allocation into the BCF is used to sustain adult social care services. The national conditions of the BCF require a certain level of expenditure to be allocated for this purpose. This funding has been crucial in ensuring the Council can maintain a balanced budget, while ensuring that some of its most vulnerable users are protected; unnecessary hospital admissions are

avoided; and the good performance on delayed transfers of care from hospital is maintained.

113. In addition to the required level of funding for sustaining social care service provision, a further £6m of Leicestershire's BCF funding has been allocated for social care commissioned services in 2020/21. These services are aimed at improving carers' health and wellbeing, safeguarding, mental health discharge, dementia support and crisis response.
114. Any reduction in this funding would place additional pressure on the Council's MTFS, and without this BCF funding there is a real risk that the Council would not be able to manage demand or take forward the wider integration agenda. This is also a key consideration for senior officers when negotiating with CCG colleagues as part of the BCF Refresh.

Other Grants and Funds

115. There are a number of other specific grants included in the MTFS, most of which are still to be announced for 2021/22, for example:
- Public Health – the 2021/22 allocation is assumed to be £25.2m, the same as in 2020/21.
 - Education and Skills Funding Agency - no details, £4.2m assumed in line with 2020/21.
 - Section 31 Business Rates (Government funding for 2% cap on business rates growth and other Government measures) – an estimate of £4.2m has been included for 2021/22 and later years, pending the Local Government Finance Settlement.
 - Independent Living Fund – no details, £1.2m assumed in line with 2020/21.
 - Music Education Hubs Grants - £1.3m in 2021/22, reduced by 10%.
 - Ministry of Justice Grants – no details, £0.5m assumed in line with 2020/21.
 - Troubled Families Grant – a continuation of funding has been advised for 2021/22 only but the amount is still to be confirmed. If similar levels to 2020/21 will be £0.8m and will also require up to £0.8m of funding from earmarked funds to continue the service at the same level.
 - Schools Block Dedicated Schools Grant - provisional settlement of £433m (including a transfer of Teachers Pay and Pensions of £20m and growth of £3m).
 - Central Schools Services Dedicated Schools Grant, £3.3m.
 - High Needs Dedicated Schools Grant –provisional settlement of £82.5m (including transfer of Teachers Pay and Pension).
 - Early Years Dedicated Schools Grant – similar amount expected to last year of £35.5m plus an increase announced in the spending review to support providers.
 - New Homes Bonus – £2.4m assumed for 2021/22 reducing to nil by 2023/24, pending the Local Government Finance Settlement.

Dedicated Schools Grant Settlement 2021/22

Schools Block

116. 2021/22 sees a further movement towards the full delivery of the National Funding Formula (NFF). This funds all pupils at the same rate irrespective of the authority in which they are educated. The NFF uses pupil characteristics each with a nationally set funding rate to generate school level funding to local authorities. Within the NFF only the per pupil entitlement is universal to all. Other factors reflect the incidence of additional needs such as deprivation and low prior attainment. Funding levels between local authorities and individual schools within those local authorities, vary as a result of pupil characteristics rather than national funding levels.
117. School funding continues to be a 'soft' school funding formula for 2021/22. A 'soft' formula is where NFF calculates notional school allocations based upon pupil characteristics to generate the grant allocation, local authorities then apply their own local funding formula to generate individual school budgets. The Department for Education (DfE) confirmed its continued intention to move to a 'hard' formula as soon as possible where every school budget will be set by the DfE on the basis of a single, national formula. The July 2020 funding announcement stated that a consultation on how this would be implemented was expected, to date no further information has been received.
118. The 2021/22 Schools Block provisional DSG settlement is £433.2m, which is based upon the 2019 October school census. This includes a transfer of funding of £20.2m for the Teachers' Pay and Pensions Grant previously paid directly to schools but from 2021 will be included in the NFF and £3m for meeting the revenue costs of new and expanding schools. The settlement will be updated to the October 2020 school census and reissued in the next month.
119. Whilst the NFF for schools is based upon the 2020 School Census, funding for local authorities is based upon the pupil characteristics recorded on the 2019 school census. Nationally the number of pupils recorded in receipt of Free School Meals and pupils that trigger deprivation funding is increasing due to the Coronavirus Pandemic. The increase is unfunded and could result in it not being possible to meet the cost of fully delivering the NFF from the Schools Block DSG. This impact will be reviewed once data from the 2020 Census has been received. The national regulations allow for an adjustment within the formula to ensure the budgets for schools can be met from the DSG allocation.
120. Nationally schools will receive a minimum amount of funding per pupil. The minimum per pupil funding levels of £4,180 for primary and £5,215 for Key Stage 3 and £5,715 per Key Stage 4 pupil are mandatory. Despite the overall increase in budget, at individual school level 91 (40% of primary schools) and 4 (9% of secondary schools) remain on the funding floor with an increase of 2% per pupil which is an increase from 32% of primary and 2% of secondary schools on the funding floor in 2020/21. These schools, despite additional funding, will experience a real terms decrease in income. As the funding guarantee is at pupil level, schools with decreases in pupil numbers will see an overall decrease in budget allocation.

121. Within the Schools Block, but separate to funding for individual schools, local authorities receive funding for the initial revenue costs of commissioning additional primary and secondary school places. This cannot be confirmed until the 2020 October census information is received; the allocation for 2020/21 was £3m and is estimated to remain at this level for 2021/22. The revenue cost of commissioning a new school ranges from £0.5m to £0.8m for a primary and £2.2m to £2.5m for a secondary, depending upon size and opening arrangements. 23 new primary and 2 new secondary schools are expected to be built in Leicestershire in the medium to long term.
122. The revenue requirement for new schools is difficult to assess as it is dependent upon the speed of housing developments, growth in the basic need for additional school places, the school funding formula and the level and the methodology for the DSG growth funding calculation. However, early estimates suggest the cost can be managed within the existing grant. Expenditure is expected to rise annually from 2021/22 and to peak at £5m in 2023/24. Annual underspends in growth funding will be set aside in the DSG earmarked fund to meet this peak. This position will be closely monitored.

High Needs

123. 2021/22 is the second year of a three-year settlement for school funding and nationally high needs funding has increased by £730m (10%). Local authorities have a guaranteed minimum increase of 8% per head of population and are capped at a 12% increase. Leicestershire remains on the funding floor and receives an increase of 8%. The settlement includes £1.5m of protection funding which is not guaranteed in the long term.
124. The provisional High Needs DSG is £82.5m and includes a transfer of funding in respect of former teacher pay and pension grants for special schools which will be paid directly to them for 2021/22. This will be updated in December and again in June 2021 for the most recent data. The formula allocates funding across a set of pupil-related indicators and also includes an allocation based on historic spend.
125. The High Needs Development Plan sets out the Council's approach to planning, commissioning and delivering SEND services focused on three key areas:
- To develop and embed an inclusive approach to practice amongst schools, local authority staff and other settings;
 - The modernisation of SEN Services through improved commissioning, processes, decision-making and quality assurance;
 - The development of a range of cost-effective, high quality provision.
126. Nationally research sets out systematic problems with the SEND system are responsible for high needs deficits. The research shows that deficits are growing with almost all local authorities in a deficit position or close to that position. Amongst a number of findings research commissioned by the Local Government Association reported that there are structural features of the SEND system which would lead to deficits even if budgets were significantly increased and that local authorities bear all the risk in this area but have limited levers with which to

influence demand and cost. As referenced previously, the DfE is undertaking a review of the SEND system but it is unclear when any findings from that research will be published.

127. The funding position includes a potential transfer from the Schools Block DSG to High Needs in 2022/23 of £2m. Schools will be engaged in developing proposals for the transfer early in 2021 before entering into consultation and seeking approval from the Schools Forum. Should Schools Forum not approve a transfer then permission may be sought from the Secretary of State. If approval cannot be secured the financial position for 2022/23 will worsen by £2m.

128. The forecast position on the High Needs element of the DSG is shown below:

	2021/22 £,000	2022/23 £,000	2023/24 £,000	2024/25 £,000
High Needs Funding	-81,403	-81,403	-81,403	-81,403
Placement Costs	87,096	94,345	98,987	103,545
Other HNB Cost	8,708	8,708	8,708	8,708
Commissioning Cost - New Places	1,908	1,416	667	44
Project Costs	1,059	0	0	0
Total Expenditure	98,771	104,469	108,362	112,297
Funding Gap Pre Savings	17,368	23,066	26,959	30,894
Funding Changes	0	-6,544	-4,544	-4,544
Demand Reduction Initiatives	-4,447	-5,076	-5,577	-5,577
Benefit of Local Provision and Practice Improvements	-6,710	-11,017	-14,187	-15,695
Total Savings	-11,157	-22,637	-24,308	-25,816
Annual Revenue Funding Gap	6,211	429	2,650	5,078
2019/20 Deficit Brought Forward	7,062			
2020/21 High Needs Deficit Brought Forward	10,011			
Cumulative Funding Gap	23,284	23,713	26,363	31,441

129. Local authorities are now required to carry forward DSG deficits to the following year and may only now contribute to DSG with the approval of the Secretary of State. Whilst this is the approach the DfE have encapsulated in legislation, it is not a sustainable nor reasonable approach. Without the DfE addressing this through additional funding local authorities will be required to set aside resources to offset the deficit.

Central Services Block

130. The central services block funds a number of school-related expenditure items such as existing school-based premature retirement costs, copyright licences under a national DfE contract for all schools and other historic costs. The provisional settlement is £3.3m for 2021/22. It is expected that the final settlement will be uplifted to include teacher pay and pension grant transfers for centrally employed teachers previously funded through specific grant
131. The provisional settlement is vague on the basis for the funding for historic commitments. This is being reduced by 20% but a guarantee is in place to ensure that funding doesn't decrease below the financial commitment to meet former teacher employment costs. The methodology for this is unclear but is estimated to result in a loss of between £65,000 and £185,000, which will fall on the County Council to meet. The impact of this change cannot be accurately assessed until the final settlement is received in December.

Early Years Block

132. No settlement information for the Early Years Block has been released and budgets have been compiled on the basis of a continuation of the 2020/21 rates. However, the 2020 Spending Review has announced an additional £44m nationally to increase rates paid to providers in 2021/22. Further information is awaited.

Earmarked Funds and Contingency

133. The General Fund balance is available for unforeseen risks that require short term funding. The forecast balance on the General Fund (non-earmarked fund) at the end of 2020/21 is £17m which represents 4.4% of the net budget (excluding schools' delegated budgets). It is planned to increase the General Fund to £21m by the end of 2024/25 to reflect increasing uncertainty and risks over the medium term. These risks come in a variety of forms:
- Legal challenges such as judicial reviews that require a change in savings approach.
 - Legislative changes that come with a financial penalty, for example General Data Protection Regulations (GDPR).
 - Service provision issues that require investment, for example the capital investment to support the High Needs Block Development Plan.
 - Variability in income, particularly from asset investments.
134. To put the level of resources into context: with the exclusion of schools, the County Council spends nearly £60m a month.
135. The proposed MTFS also includes a contingency of £8m in 2021/22 and later years for other specific key risks that could affect the financial position on an ongoing basis. Examples include:
- The non-achievement of savings.
 - Certainty of partner funding, for example the provision of services through the BCF.

- Pressure on demand-led budgets particularly in social care.
- Maintaining the level of investment required to deliver savings.
- New service pressures that arise (a recent example is Ash Dieback).

136. When the contingency is released 'free' resources are directed toward the Future Developments earmarked fund to reduce the shortfall in capital funding discussed later in this report.
137. Other earmarked funds for revenue purposes (excluding schools' balances and partnerships), estimated at £32m by March 2021, are held for specific purposes including insurance, change initiatives, severance costs, invest to save schemes and renewals of vehicles and equipment. Earmarked funds are also held for capital purposes and are estimated at £34m by March 2021.
138. Grant Thornton, the County Council's external auditor, has reviewed the level of earmarked funds held by the County Council as part of its Value for Money review of the current MTFS and reported no issues. In their latest audit Grant Thornton considers financial sustainability in the context of Covid-19. Their commentary included "Overall, we are satisfied that the Council has arrangements in place to monitor its financial position for the short term, and has appropriate level of general reserves to mitigate any shortfalls if required"

Concluding Comments – Revenue Position

139. There are significant uncertainties that could change the financial gap facing the County Council. These can be summarised as uncertainty over funding, cost growth and delivery of savings.
140. Funding uncertainties are predominately driven by Government. Despite the positive "end of austerity" message it is likely that some funding streams will reduce, for example the planned reset of the Business Rate Baseline will remove the benefit of growth. In addition, the position on some specific grants after 2020/21 is uncertain. In line with previous practice the MTFS assumes a reduction in some grants, albeit at a far lower level than the austerity years.
141. The Spending Review made clear the extent of the financial challenge to Government. By 2024/25, the forecasts indicate that Government borrowing will be running at £100 billion, which is £42 billion above that forecast for the same year back in March. The Chancellor's stated aim is to balance the books, what is not clear is the mix of spending cuts and tax increases that will be employed.
142. Cost growth manifests itself as either inflationary pressures or service growth. Service growth primarily relates to a growing and ageing population and a large increase in school-age children requiring support, which put huge demands on social care and SEND services. Increases in the National Living Wage have been the main driver of inflationary pressure; these increases are announced on an annual basis, although Governments £10.50 target acts as a guide.

143. Cost pressures have been further compounded by the Covid pandemic. The County Council's transformation activity needs to bring increases down to a manageable level at the same time as delivering further saving initiatives, over and above those already built into the MTFS.
144. Successful delivery of savings is dependent upon a range of factors, not all of which are in the control of the County Council. All savings included in the MTFS have had an initial deliverability assessment so that a realistic financial plan can be presented. With 2022/23 not forecast to be balanced there is less time to generate new savings and a lower margin of error on delivery. Identifying new savings will be a key activity a task made harder by the reduced options available. A significant level of savings has been delivered in Adult Social Care in the last two years with more planned. Children and Family Services' savings target of £16m is four-times their current MTFS target.
145. In addition to these direct uncertainties the County Council is not insulated from financial difficulties of partner organisations. Currently the County Council's ongoing financial plans include £62m of funding related to the BCF. Even a partial loss of this funding would be difficult to manage.
146. Maintained schools and academies are under significant financial pressure; this could affect the County Council through its statutory responsibilities relating to education, for example to ensure the provision of sufficient school places. This pressure also increases the risk of lost commercial income, as schools and academies are the Authority's main commercial trading partner.
147. The delivery of the MTFS will be more challenging than usual. Some local authorities, which are better funded than Leicestershire, are already in financial difficulties, for example Croydon issued a Section 114 Notice on 11th November 2020, effectively declaring itself bankrupt and imposing emergency spending restrictions. The focus on Leicestershire's finances over the past few years, including taking tough decisions on service reductions, has put the Council in a relatively sound position. The focus on medium term financial planning and strong financial discipline will need to be maintained.
148. The delivery of this MTFS rests on four factors:
 - Dealing with the short-term cost pressures and anticipated on-going reduction in resources arising from the Covid pandemic.
 - The absolute need to deliver the savings in the MTFS. The key risks are the technical difficulty of some projects and the public acceptance of some savings.
 - The need to have very tight control over demand-led budgets, such as social care. Overspends such as those experienced in Children's social care in recent years will put the County Council in a very difficult position with a need to make immediate offsetting savings.
 - The need to manage other risks that could affect the Authority's financial position. These include costs currently being borne by the NHS shifting to local authorities and loss of trading income.

149. Before a further MTFS report is considered by the Cabinet on 5th February 2021 the provisional MTFS will be reviewed and if appropriate updated in light of the latest budget monitoring position for 2020/21 and Government announcements, including the Local Government Finance Settlement.

Capital Programme 2021/22 to 2024/25

150. The overall approach to developing the capital programme has been based on the following key principles:

- To invest in priority areas of growth, including roads, infrastructure, climate change, including the forward funding of projects;
- To invest in projects that generate a positive revenue return (spend to save);
- To invest in ways which support delivery of essential services;
- Passport Government capital grants received for key priorities for highways and education to those departments;
- Maximise the achievement of capital receipts;
- Maximise other sources of income such as bids to the LLEP, section106 developer contributions and other external funding agencies;
- No or limited prudential borrowing (only if the returns exceed the borrowing costs).

151. The draft capital programme totals £450m over the four years to 2024/25, shown in detail in Appendix F. The programme is funded by a combination of Government grants, capital receipts, external contributions, revenue balances and earmarked funds.

152. The draft programme and funding is shown below:

Draft Capital Programme 2021-25

	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m
Children and Family Services	38.5	13.3	16.0	16.5	84.3
Adults and Communities	9.6	6.5	4.5	4.3	24.9
Environment and Transport	58.3	79.0	44.9	23.7	205.9
Chief Executive's	2.0	0.1	0.1	0.1	2.3
Corporate Resources	5.1	2.5	2.0	1.7	11.3
Corporate Programme	24.4	31.7	28.5	36.5	121.1
Total	137.9	133.1	96.0	82.8	449.8

Capital Resources 2021-25

	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m
Grants	65.1	79.4	38.2	29.4	212.1
Capital Receipts from sales Revenue/ Earmarked funds	7.5	2.0	2.2	2.0	13.7
Contributions	41.4	1.9	1.8	1.7	46.8
External Contributions	10.0	3.7	3.7	13.8	31.2
Total	124.0	87.0	45.9	46.9	303.8
Funding Required	13.9	46.1	50.1	35.9	146.0

153. Where capital projects are not yet fully developed or plans agreed these have been included under the heading of 'Future Developments' under each departmental programme. It is intended that as these schemes are developed during the year, they will be assessed against the balance of available resources and included in the capital programme as appropriate. A fund of £50m is included in the draft capital programme.

154. The proposed programme can be summarised as:

Service Improvements	£223m
Investment for Growth	£96m
Invest to Save	£81m
Future Developments	£50m
Total	£450m

Funding and Affordability**Forward Funding**

155. The County Council recognises the need to forward fund investment in infrastructure projects to enable new schools and roads to be built and unlock growth in Leicestershire before funding, mainly from section 106 developer contributions, is received. This allows a more co-ordinated approach to infrastructure development. Forward funding of £13m for highways has been included within the capital programme (in addition to £17.4m added in the 2020/21 capital programme). When the expected developer contributions are received, they will be earmarked to the capital programme, to reduce the dependency on internal cash balances in the future.

156. Forward funding presents a significant financial commitment for the County Council, but should ensure:

- External funding is maximised, through successful bids.
- The final cost of infrastructure investment is reduced (compared with what it would be if construction was delivered incrementally as and when smaller developments come forward).

- The design is optimised, to benefit of the local community.
157. There are risks involved in managing and financing a programme of this size. There is reduced scope for funding additional schemes that are identified in the future. And an increased reliance on developer contributions through section 106 agreements means that it may take many years for investment to be repaid. This could be further compounded in the event of an economic slowdown. To this end, support of district councils is essential to ensure the agreements reached with developers mitigate these risks.
158. Given the benefits to Leicestershire that the increased investment will bring it is considered that district councils should share in these risks in a proportionate way. The County will look to develop risk-sharing agreements with districts in relation to major infrastructure schemes being progressed in their areas; district councils will benefit directly through additional tax revenues and increases in government grants. However, the circumstances around individual projects vary hence unique agreements will be required for each district council.
159. The risk with forward funding is that insufficient or delayed contributions, from developers, will fall upon the County Council. A key determinant in generating sufficient developer contributions is the approach taken by the district council, as the planning authority. The district council will set the local planning context against which section 106 agreements will be agreed and ultimately decide on planning permission. The agreement will ensure the County Council and district council work together effectively, for mutual benefit.
160. Given the overall level of forward funding, it is imperative that these agreements provide some protection to the County Council.
161. A significant problem associated with funding major infrastructure projects is the way in which capital funding is allocated. Significant resource needs to be invested in developing bids which may ultimately not be successful. Whilst it is important that robust business cases are developed to ensure the benefits of the project are sufficient to justify the investment, the fact that successful bids also need a degree of match/local funding to supplement grant money means that overall tight capital programmes become even more stretched. The County Council considers that such an approach is unsustainable and needs to be reviewed and will continue to raise this with central government.
162. The East Midlands is disadvantaged in terms of the ability to influence Government and attract investment or devolution opportunities compared to the West Midlands. There is an elected mayor and a combined authority for the West Midlands. Their most recent devolution deal (2017) includes £6m for a housing delivery taskforce, £5m for a construction skills training scheme and £250m to be spent on local intra-city transport priorities. The first devolution deal (2015) included over £1bn investment to boost the West Midlands economy.

Capital Grants

163. Grant funding is the largest source of financing for the capital programme and totals £212m across the 2021-25 programme. The majority of grants are awarded by Government departments including the DfE and the Department for Transport (DfT).

Children and Family Services

164. Capital grant funding for schools is provided by the DfE as follows:

- a) Basic Need – this grant provides funding for new pupil places by expanding existing schools and academies or by establishing new schools. Funding is determined through an annual submission to the DfE which identifies the need for additional school places in each local authority area. The DfE has announced details of the grant awards for 2021/22 (£22.1m). No details have been announced for future years. An estimate of £7.5m has been used for 2022/23 to 2024/25.
- b) Strategic Capital Maintenance – this grant provides the maintenance funding for the maintained school asset base. Details of the grant for 2021/22 and future years have not yet been announced. An estimate of £2m per annum is included in the capital programme. It is expected that this grant will continue but will reduce as further schools convert to academy status.
- c) Devolved Formula Capital (DFC) - funding provided to schools. The DfE has not yet announced details of grant allocations. However, an estimate of £0.5m per annum can be made, based on the number of maintained schools.
- d) DfE - New (Free) School bid – the programme funding includes an £8m grant to fund a new Social Emotional and Mental Health special school in 2023/24 required as part of the High Needs Development plan.

Adult Social Care

165. Capital funding for the Disabled Facilities Grant (DFG) programme has not yet been announced. An estimate in line with previous years, £3.9m per annum has been included in the capital programme.

Environment and Transport

166. The DfT grants have not yet been announced. Estimates have been included for Improvement Schemes and Maintenance based on previous years. The funding includes:

- a) Improvement Schemes - £2.7m p.a. (£10.9m overall).
- b) Maintenance funding - £11.4m p.a. (£45.8m overall).
- c) Pothole and Challenge fund - £7.8m p.a. (£31.3m overall).

167. Other significant Environment and Transport capital grants included are:

- DfT Melton Mowbray Distributor Road funding - £42.3m (total £49.5m including 20/21 allocation)
- Housing Infrastructure Fund – Melton Southern Distributor Road - £13.2m.

Capital Receipts

168. The generation of capital receipts is a key priority for the County Council. The draft capital programme includes an estimate of £14m across the four years to 2024/25.

169. The estimate includes potential land sales that are subject to planning permission. In these cases the value of the site is significantly increased when planning permission is approved. However, this also comes with a significant amount of uncertainty and potential for delays. For planning purposes a total of £3m of future estimated sales subject to planning permission has been included.

Revenue / Earmarked Funds/ Contributions

170. To supplement the capital resources available and avoid the need for borrowing £47m of revenue funding is being used in the draft programme consisting of:

One-off MTFS 2021-25 revenue contributions	£7m
Departmental earmarked funds	£1m
Capital Financing earmarked fund	£39m
Total	£47m

171. The capital financing earmarked fund temporarily holds previous years' revenue contributions to fund the capital programme until they are required. The balance includes a contribution to the Environment and Transport revenue budget for the substitution of £6m in Environment and Transport capital grants.

172. Supplementary funding is required where schemes cannot be fully funded by alternative sources, such as grants. Examples of this are the replacement of operational assets, such as the vehicle replacement programme and ICT systems.

External Contributions and Earmarked Capital Funds

173. A total of £31m is included in the funding of the capital programme 2021-25. This includes £30m from section 106 developer contributions.

Funding from internal balances

174. A total of £146m in funding required is included within the capital programme to fund the programme and enable investment in schools and highway infrastructure to be made. Over the next 10 to 15 years it is anticipated that circa £30m of this funding will be repaid through the associated developer contributions.

175. Due to the strength of the County Council's balance sheet, it is possible to use internal balances (cash balances) to fund the capital programme on a temporary basis instead of raising new loans. Levels of cash balances held by the Council comprise the amounts held for earmarked funds, provisions, the Minimum Revenue Provision (MRP) set aside for the repayment of debt, and working capital of the Council. The cost of raising external loans currently exceeds the cost of interest lost on cash balances by circa 2%.
176. The overall cost of using internal balances to fund £146m of investment is estimated to be £6.5m per annum by 2024/25, comprising MRP of £4m and reduced interest from investments of £2.5m. This is a prudent assessment as the impact will reduce in future years as the funding is repaid.
177. The County Council's current level of external debt is £263m. As described above this is not anticipated to increase during the MTFS.

Capital Programme summary by department

178. Over the period of the MTFS, capital programme of £450m is required of which £138m is planned for 2021/22. The main elements are:
- Children and Family Services - £85m. The priorities for the programme are informed by the Council's School Place Planning Strategy and investment in SEND as part of the High Needs Development Plan, explained earlier in this report.
 - Adults and Communities - £25m. The programme includes £16m relating to the Disabled Facilities Grant (DFG) programme and schemes for the Social Care Investment Plan (SCIP).
 - Environment and Transport - £206m. This relates to: Major Schemes such as Melton Mowbray Distributor Road N/E and Southern Sections, Zouch Bridge replacement as well as the Transport Asset Management Programme and the Environment & Waste Programme.
 - Chief Executive's - £2m. The main scheme is the Rural Broadband Phase 3 and also includes Leicestershire Community Grants.
 - Corporate Resources - £11m. This mainly relates to investment in the ICT Programme, Property Services and Climate Change (Environmental Improvements).
 - Corporate Programme - £121m. The main area is the investment in the Corporate Asset Investment Fund (CAIF) includes £5m for planning and preparatory work at Lutterworth East, and Future Development Projects (subject to business cases).
179. Details of the proposed capital programme are shown in Appendix F to this report.

Capital Summary

180. The capital programme totals £450m over the four years to 2024/25. The Council recognises the need to fund long term investment and has set a capital

programme that includes forward funding of capital infrastructure projects for highways of £13m (£30m cumulative).

181. Longer term infrastructure schemes (outside of the MTFS period) are not included in the programme. Pressure on school places and Leicestershire's infrastructure is expected from population growth, with estimates of a 12% increase in the County's population by 2030. It is assumed that section 106 and Government funding will be available at the necessary level.
182. Overall £146m from internal cash balances will be used to fund the cash flow of capital programme. The additional revenue costs arising from this total £6.5m per annum.
183. By their nature discretionary asset investments, which are made to generate capital receipts or revenue returns, are risky. Whilst this is partially mitigated by the County Council's ability to take a long-term view of investments, removing short-term volatility, it is likely that not all investment will yield returns in line with the business case.
184. A significant portion of the programme enables revenue savings; delays or unsuccessful schemes will directly affect the revenue position.
185. Additional Government investment in housing and infrastructure is increasingly subject to a competitive bidding process and areas with devolution deals are likely to be preferred. For the County Council to access additional funding other organisations, such as the LLEP, need to be operating effectively.

Equality and Human Rights Implications

186. Public authorities are required by law to have due regard to the need to:
 - Eliminate unlawful discrimination, harassment and victimisation;
 - Advance equality of opportunity between people who share protected characteristics and those who do not; and
 - Foster good relations between people who share protected characteristics and those who do not.
187. Given the nature of the services provided, many aspects of the County Council's MTFS will affect service users who have a protected characteristic under equalities legislation. An assessment of the impact of the proposals on the protected groups must be undertaken at a formative stage prior to any final decisions being made. Such assessments will be undertaken in light of the potential impact of proposals and the timing of any proposed changes. Those detailed assessments will be revised as the proposals are developed to ensure that decision-makers have information to understand the effect of any service change, policy or practice on people who have a protected characteristic as well as information to enable proper consideration of the mitigation of the impact of any changes on those with a protected characteristic.

188. A high level Equalities and Human Rights Impact assessment of the MTFS 2020-24 was completed last year to:

- Enable decision makers to make decisions on an informed basis which is a necessary component of procedural fairness;
- Inform decision makers of the potential for equality impacts from the budget changes;
- Consider the cumulative equality impacts from all changes across all Departments;
- Provide some background context of the local evidence of cumulative impacts over time from public sector budget cuts.

189. This assessment will be updated for the new MTFS 2021-25 and included in the proposed MTFS to the Cabinet in February 2021. Many of the proposals in the MTFS were agreed as part of the decision to adopt the previous MTFS, and others are amendments to existing plans that have already been agreed.

190. Overall, the previous assessment found that the Council's budget changes will have the potential to impact older people, children and young people, working age adults with mental health or disabilities and people with disabilities more than people without these characteristics. This is as expected given the nature of the services provided by the County Council. The findings between April 2017 and September 2019 of the Leicestershire Community insight survey found that a significantly higher percentage of non-white British people, people with health problems, people with a disability, people who provide informal care or receive care support and people of non-Christian religion responded that they had been affected a "fair amount" or a "great deal" by national and local public sector cuts.

191. There are several areas of the budget where there are opportunities for positive benefits for people with protected characteristics both from the additional investment the Council is making into specialist services and to changes to existing services which offer improved outcomes for users whilst also delivering financial savings.

192. Proposals in relation to savings arising out of a reduction in posts will be subject to the County Council's Organisational Change policy which requires an Equality Impact Assessment to be undertaken as part of the Action Plan.

Crime and Disorder Implications

193. Some aspects of the County Council's MTFS are directed towards providing services which will support the reduction of crime and disorder.

Environmental Implications

194. The MTFS includes schemes to support the Council's response to climate change and to make environmental improvements.

Partnership Working and Associated Issues

195. As part of the efficiency programme and improvements to services, working with partners and service users will be considered along with any impact issues, and they will be consulted on any proposals which affect them.

Risk Assessments

196. As this report states, risks and uncertainties surrounding the financial outlook are significant. The risks are included in the Corporate Risk Register which is regularly updated and reported to the Corporate Governance Committee.

Background Papers

Report to the County Council on 19th February 2020: Medium Term Financial Strategy 2020/21 - 2023/24

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=6038&Ver=4>

County Council Strategic Plan

<https://www.leicestershire.gov.uk/about-the-council/council-plans/the-strategic-plan>

Appendices

Appendix A: Four Year Revenue Budget 2021/22 to 2024/25

Appendix B: 2021/22 Revenue Budget

Appendix C: Savings 2021/22 to 2024/25

Appendix D: Savings under Development

Appendix E: Growth 2021/22 to 2024/25

Appendix F: Capital Programme 2021/22 to 2024/25

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2021/22 - 2024/25 REVENUE BUDGET *

	TOTAL 2020/21	Inflation/ Contingencies /Transfers	Growth	Savings	TOTAL 2021/22	Inflation/ Contingencies /Transfers	Growth	Savings	TOTAL 2022/23	Inflation/ Contingencies /Transfers	Growth	Savings	TOTAL 2023/24	Inflation/ Contingencies /Transfers	Growth	Savings	TOTAL 2024/25
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Spending																	
Services :																	
Children & Family Services	80,914	1,882	10,040	-3,750	89,086		4,025	-3,500	89,611		4,705	-4,100	90,216		4,285	-4,650	89,851
Adults & Communities	143,083	8,274	3,470	-3,395	151,432		2,915	-2,190	152,157		2,980	-1,160	153,977		3,480	-1,310	156,147
Public Health **	-665	-673	20	-5	-1,323			-65	-1,388				-1,388				-1,388
Environment & Transport	80,677	2,547	-800	-1,070	81,354		1,100	-1,010	81,444		1,750	-610	82,584		2,300	-160	84,724
Chief Executives	11,805	463	395	-205	12,458		5	-25	12,438		5	-75	12,368		-230	-75	12,063
Corporate Resources	32,805	1,609	645	-970	34,089		135	-1,235	32,989		-100	-290	32,599			-40	32,559
	348,619	14,102	13,770	-9,395	367,096	0	8,180	-8,025	367,251	0	9,340	-6,235	370,356	0	9,835	-6,235	373,956
DSG (Central Dept recharges)	-2,285				-2,285				-2,285				-2,285				-2,285
Other corporate growth & savings	-350				-350		6,770		6,420		5,660		12,080		5,165		17,245
MTFS Risks Contingency	4,000	4,000			8,000				8,000				8,000				8,000
Covid-19 Contingency	0	2,700			2,700	-2,700			0				0				0
Contingency for inflation/ Living Wage	16,300	-3,750			12,550	14,400			26,950	14,700			41,650	14,400			56,050
	366,284	17,052	13,770	-9,395	387,711	11,700	14,950	-8,025	406,336	14,700	15,000	-6,235	429,801	14,400	15,000	-6,235	452,966
Central Items:																	
Financing of capital	19,200	-200			19,000	1,000			20,000	3,000			23,000				23,000
Revenue funding of capital	23,900	-21,400			2,500	-1,000			1,500				1,500				1,500
Central expenditure	2,720	-171		-40	2,509	-100		-40	2,369	-100			2,269	-100			2,169
Central grants and other income	-33,241	114			-33,127	4,105			-29,022	1,145			-27,877				-27,877
Total Spending	378,863	-4,605	13,770	-9,435	378,593	15,705	14,950	-8,065	401,183	18,745	15,000	-6,235	428,693	14,300	15,000	-6,235	451,758
Contributions to budget equalisation earmarked fund	11,000				4,000				1,000				3,000				5,000
Contributions to General Fund	0				1,000				1,000				1,000				1,000
Budget Requirement	389,863				383,593				403,183				432,693				457,758
Funding																	
Business Rates - Top Up	-40,346				-38,673				-37,074				-35,698				-33,323
Business Rates Baseline/Retained	-23,920				-24,150				-21,349				-21,719				-22,089
S31 grants - Business Rates	-4,156				-4,180				-4,220				-4,270				-4,320
Council Tax Collection Fund net deficit / (surplus)	-2,091				0				0				0				0
Council Tax	-319,350				-316,590				-332,230				-349,270				-361,740
	-389,863				-383,593				-394,873				-410,957				-421,472
VARIANCE	0				0				8,310				21,736				36,286
<i>Band D Council Tax</i>	<i>£1,343.73</i>				<i>£1,370.47</i>				<i>£1,397.74</i>				<i>£1,425.56</i>				<i>£1,453.93</i>
<i>Increase</i>	<i>3.99%</i>				<i>1.99%</i>				<i>1.99%</i>				<i>1.99%</i>				<i>1.99%</i>

* provisional for 2022/23 and later years

** preventative expenditure within other Departments' budgets to be identified and absorbed into the ring fenced budget

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APPENDIX B**REVENUE BUDGET 2021/22**

	Base including inflation £000	Growth £000	Savings £000	TOTAL £000
Spending				
Services :				
Schools *				0
Children & Family Services	82,796	10,040	-3,750	89,086
Adults & Communities	151,357	3,470	-3,395	151,432
Public Health **	-1,338	20	-5	-1,323
Environment & Transport	83,224	-800	-1,070	81,354
Chief Executives	12,268	395	-205	12,458
Corporate Resources	34,414	645	-970	34,089
	362,721	13,770	-9,395	367,096
Dedicated Schools Grant (Central Dept recharges)	-2,285	0	0	-2,285
Other corporate growth & savings	-350	0	0	-350
MTFS Risks Contingency	8,000	0	0	8,000
Covid-19 Contingency	2,700	0	0	2,700
Contingency for inflation/ Living Wage	12,550	0	0	12,550
	383,336	13,770	-9,395	387,711
Central Items:				
Financing of capital	19,000	0	0	19,000
Revenue funding of capital	2,500	0	0	2,500
Central expenditure	2,549	0	-40	2,509
Central grants and other income	-33,127	0	0	-33,127
Total Central Items	-9,078	0	-40	-9,118
Total Spending	374,258	13,770	-9,435	378,593
Contributions to budget equalisation earmarked fund				4,000
Contributions to General Fund				1,000
Budget Requirement				383,593
Funding (provisional)				
Business Rates - Top Up				-38,673
Business Rates Baseline / retained				-24,150
S31 grants - Business Rates				-4,180
Council Tax				-316,590
				-383,593
Council Tax				
Band D Council Tax				£1,370.47
Increase on 2020/21 (£1,343.73)				1.99%

* Schools - Delegated and Schools Block budgets funded by Dedicated Schools Grant

** Public Health funded by Grant

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References

Appendix C - SAVINGS

2021/22	2022/23	2023/24	2024/25
£000	£000	£000	£000

References used in the following tables

* items unchanged from previous Medium Term Financial Strategy

** items included in the previous Medium Term Financial Strategy which have been amended

Eff - Efficiency saving

SR - Service reduction

Inc - Income

CHILDREN & FAMILY SERVICES**Defining CFS For the Future Programme**

CF1	Eff	Pathways workstream - Focus on prevention, drift and duration of interventions across all pathways	-1,200	-2,100	-3,600	-4,800
CF2	Eff	Settings workstream - Reduced care placement costs through growth of in-house capacity & supported lodgings and a review of placements	-900	-2,900	-5,100	-8,100
CF3	Eff	Disabled Children's Service Enablement Workstream	-100	-300	-300	-300
		<i>Total Defining CFS For the Future Programme</i>	<i>-2,200</i>	<i>-5,300</i>	<i>-9,000</i>	<i>-13,200</i>
CF4	Eff	Children's Innovation Partnership -Assessment & Resource Team, Hub and Residential re-design	-50	-200	-350	-500
CF5	Eff	Departmental efficiency savings	-1,500	-1,750	-2,000	-2,300
		TOTAL	-3,750	-7,250	-11,350	-16,000

ADULTS & COMMUNITIES**Adult Social Care**

**	AC1	Inc	Increased income from fairer charging and removal of subsidy / aligning increases	-100	-200	-300	-400
**	AC2	Eff	Social Care Investment Plan - reduced cost of care	-25	-25	-25	-275
**	AC3	Inc	Additional BCF/Health income	-500	-500	-500	-500
**	AC4	Eff	Implementation of Target Operating Model (TOM)	-2,000	-2,500	-3,000	-3,000
	AC5	Eff	Implementation of digital assistive technology to service users	-250	-750	-1,100	-2,000
**	AC6	Eff	Review of high cost placements (working age adults)	-50	-150	-300	-300
	AC7	Eff	Establishment Review following implementation of TOM programme	-400	-600	-600	-600
	AC8	Eff	Digital Self Serve financial assessments	0	-100	-100	-100
	AC9	Eff	Review of Mental Health pathway and placements	0	-500	-500	-500
	AC10	Eff	Review of Transitions placements	0	-120	-180	-240
			Total ASC	-3,325	-5,445	-6,605	-7,915

Communities and Wellbeing

**	AC11	Eff/SR	Implementation of revised service for communities and wellbeing	-70	-140	-140	-140
			Total C&W	-70	-140	-140	-140
			TOTAL A&C	-3,395	-5,585	-6,745	-8,055

PUBLIC HEALTH

**	PH1	Eff/SR	Early Help & Prevention Review - review of externally commissioned prevention services	-5	-70	-70	-70
			TOTAL	-5	-70	-70	-70

ENVIRONMENT & TRANSPORT**Highways & Transport**

*	ET1	SR	Revise Passenger Transport Policy - reprofiled	0	-60	-60	-60
**	ET2	Eff/SR	Implement Review of Social Care and SEN Transport (Phase 2)	0	-240	-240	-240
	ET3	Eff	Temporary Traffic Management	-190	-205	-205	-205
	ET4	Eff/Inc	Street Lighting - design services to developers and installation of street lighting on their behalf, and removal of vacant posts	-60	-90	-120	-130
	ET5	Eff/Inc	E&T Continuous Improvement Programme - review of processes and potential income across a range of services	-175	-450	-590	-600
	ET6	Eff	Fleet review	-35	-35	-35	-35
	ET7	Eff	Winter salt procurement	-20	-20	-20	-20
			Total	-480	-1,100	-1,270	-1,290

Environment & Waste

**	ET8	Eff/Inc	Recycling & Household Waste Sites service approach	0	-30	-80	-190
**	ET9	Inc	Trade Waste income	-30	-60	-90	-120
**	ET10	Eff	Future residual waste strategy- reduced disposal costs	-160	-460	-820	-820
	ET11	Eff	Procurement savings from contract renewals	-400	-430	-430	-430
			Total	-590	-980	-1,420	-1,560

TOTAL E&T

-1,070	-2,080	-2,690	-2,850
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References

Appendix C - SAVINGS

2021/22	2022/23	2023/24	2024/25
£000	£000	£000	£000

<u>CHIEF EXECUTIVE</u>							
CE1	Eff	Business Support review	-50	-50	-50	-50	
CE2	SR/Eff	Staffing (vacancy control and agency reduction)	-100	-100	-150	-200	
CE3	SR	Paperless meetings	-30	-30	-30	-30	
CE4	Inc	Planning, Historic and Natural Environment - fee income	-25	-50	-75	-100	
TOTAL			-205	-230	-305	-380	
<u>CORPORATE RESOURCES</u>							
**	CR1	Eff	Workplace Strategy- optimising building/office use	-315	-575	-670	-670
**	CR2	Eff/Inc	Increasing Commercial Services contribution	0	-315	-430	-470
*	CR3	Eff	Environment improvements - energy & water	-50	-100	-100	-100
*	CR4	Inc	Environment improvements - Score + energy efficiency scheme	-50	-50	-50	-50
*	CR5	Eff	Returns from Corporate Asset Investment Fund	0	-570	-570	-570
**	CR6	Inc	Place to Live - Accommodation income	-40	-80	-160	-160
	CR7	Eff	Business Support -efficiencies from Records Hub and indexing system	-80	-80	-80	-80
	CR8	Eff	Strategic Property restructure	-300	-300	-300	-300
	CR9	Eff	Departmental Management Team restructure	-135	-135	-135	-135
TOTAL			-970	-2,205	-2,495	-2,535	
<u>CENTRAL ITEMS</u>							
*	CI1	Inc	Growth in ESPO income	-40	-80	-80	-80
TOTAL			-40	-80	-80	-80	
TOTAL SAVINGS including additional income			-9,435	-17,500	-23,735	-29,970	
MTFS net shortfall - savings required			0	-8,310	-21,736	-36,286	
TOTAL SAVINGS REQUIRED - EXCLUDING DSG			-9,435	-25,810	-45,471	-66,256	
<u>Dedicated Schools Grant - Deficit reduction activity</u>							
<u>High Needs Development Plan</u>							
		Funding changes	0	-6,545	-4,545	-4,545	
		Demand reduction initiatives	-4,450	-5,075	-5,575	-5,575	
		Benefit of local provision & practice improvements	-6,710	-11,015	-14,185	-15,695	
			-11,160	-22,635	-24,305	-25,815	
TOTAL SAVINGS REQUIRED - INCLUDING DSG			-20,595	-48,445	-69,776	-92,071	

Savings Under Development

This appendix lists areas where departments are looking at the potential for additional savings which are not yet currently developed enough to be able to quantify and build into the detailed savings schedules.

Social Care Improvement Programme

The most significant cost in Children's and Adults' Social Care is for residential placements. A programme of work has commenced to co-ordinate the Council's Accommodation Strategies, the plans for capital investment and savings related to developing alternative accommodation options. Whilst some investment and the associated benefits have been included in the MTFS there are further potential opportunities. As further schemes are developed they will be included in future MTFS's.

Public Health**Service offer to schools**

There are several current services that are delivered to schools including young person's physical activity and various specialist training elements. The department is exploring the option of moving these to a traded service model.

0-19 Healthy Child Programme

Work is underway to look at this contract to see if there are opportunities to more closely align this to the work happening in the Defining CFS For the Future Programme as well as a review of the options for the next procurement of the contract in April 2022.

GP Health Checks

The Transformation Unit is supporting the Department to identify opportunities for further savings and efficiencies through the Productivity and Efficiency Programme for GP Health Checks.

Environment & Transport**SEND Transport**

An initial review has been undertaken of the processes involved in the delivery of transport for pupils with SEND, including links with the Defining CFS for the Future Programme. Based on this work there is an expectation that savings can be made

from more efficient service delivery particularly in relation to use of vehicles, contracts and route optimisation.

Alternative Fleet

Currently pupils with SEND that have very complex needs are predominately transported by external taxi operators. The internal fleet which is made up of minibuses generally provides transport to those with less complex needs and for higher capacities. This project is to see if those with complex needs which are high cost contracts could be delivered by the internal fleet instead of the external market. This would be achieved by adding MPVs to the fleet to deliver these contracts. An initial pilot project had started at Oakfield school. Next steps are to revisit the original business case in light of this trial.

Low Level Street Lighting Energy Savings

To date the 'dimming and trimming' to further reduce street lighting energy use has only considered the high-level (7 metre plus) street lights and the part-night lit low-level residential street lights. Further savings in carbon dioxide and energy can be achieved by looking at the all-night lit low-level street lights. There are c16,000 low-level street lights in the county (23% of total).

Planning Pre-application Charges and Planning Performance Agreements (PPAs)

Work to develop a schedule of planning pre-application charges has been undertaken, and any charges will be considered for implementation in line with any corporate approach to pre-application charges for those applications where LCC is the planning authority. The department already uses PPAs for bigger housing developments and it is proposed that the use of these agreements could be widened to generate additional income.

Further Highway Services Changes

This would include consideration of the case for reduction in the level of urban grass cutting. At present we cut 6 times per season. However, much of this cutting is for aesthetic rather than safety reasons. A change in the public's attitudes for maintenance of natural wildlife habitats and wildflowers offers the potential for the cut frequency to be reduced.

Future Waste Transfer Station and Trade Waste Commercial work

LCC operate a Waste Transfer Station (WTS) at Loughborough RHWS. With the insourcing of Whetstone RHWS and WTS planned for 1st April 2021, and the construction of Bardon WTS planned for completion in April 2022 there is an opportunity to look at maximising these assets in terms of opportunities for income generation.

Impact of Defra Resources & Waste Strategy

Defra published their national Resources & Waste Strategy in December 2018. Consultations are now taking place on a number of the policy statements and initiatives proposed for implementation from 2023, some of which may have a

positive impact in terms of reducing waste tonnages local authorities have to manage, or increasing income relating to disposing of those materials.

E&T Training & Development Board Initiatives

Reviewing the balance between the use of consultants and internal staff, either through new recruitment or skills development. There may also be potential to trade more of our services to generate income or to fund additional posts to support areas where we have single points of failure.

Chief Executive

Legal Case Management

An external review is being commissioned looking at case management processes and the potential to exploit digitalisation identify efficiencies in how the service operates

Economic Development

A structural review looking at what benefits can be created by bringing together the Growth Unit, Economic Growth team and Broadband team.

Corporate Resources

Department Review

Following the Departmental Management Team restructure a further review will be undertaken looking at structures across the department for synergies and improvements.

Insurance review

Evaluation of the current external insurance coverage and policy limits.

Increased automation within Customer Service Centre

Process improvement, automation and digitisation will lead not only to an improved customer experience but also provide savings opportunities from improved productivity, reduction in handling and errors as well as a greater use of self service.

Review of vacant properties

An assessment of the County Council's existing portfolio of vacant properties against the Workplace Strategy will be completed, with potential one-off savings arising from the sale of properties and/or land or on-going savings arising from development and lease opportunities.

ESPO contribution increase

ESPO have developed plans to grow their existing business, with a particular focus on growth outside of their current base. Successful delivery of the place will increase the dividend received from the County Council's (partial) ownership.

Amalgamation of transactional activity

There are several areas of similar and/or linked transactional activity, for example Finance, both within the department and across the County Council. This offers the potential for centralisation of transactional functions across the County Council is to be investigated to identify service improvements through standardisation and efficiency opportunities through increased use of automation including robotics.

Corporate Asset Investment Fund (CAIF)

The Capital programme allows for additional investment in CAIF. The benefits of making these investments will not only be to the local economy, but also generate additional ongoing revenue stream (for example as rental income from farms or industrial units) or future capital receipts in excess of what is required for the initial investment.

This potential additional income is over and above what is already included in the MTFS. The majority of investment is expected to come from the development of sites, which is a more uncertain undertaking. Hence, they are still included as a Savings Under Development. Income will be included in the MTFS when investments returns have a good degree of certainty.

Digital Initiatives

Growth has been included in the MTFS for an Incubation team providing more efficient and effective Council services, empowering people and introducing digital ways of working through easier to use, customer focused and joined up services across the County Council and with partners.

The team has received temporary funding to date and the extension of this funding beyond March 2021 will enable further authority-wide savings and cost avoidance initiatives to be developed.

References	Appendix E - GROWTH		2021/22	2022/23	2023/24	2024/25
			£000	£000	£000	£000
CHILDREN & FAMILY SERVICES						
Demand & cost increases						
**	G1	Demographic growth- Social Care Placements	6,300	9,600	13,400	17,200
**	G2	Front-line social care staff - increased caseloads	3,030	3,685	4,520	4,935
**	G3	Social Care market premia to support recruitment	20	40	60	80
**	G4	Unaccompanied Asylum Seekers - additional demand	50	100	150	200
	G5	reduction	240	240	240	240
	G6	Increased requirement for legal costs	400	400	400	400
TOTAL			10,040	14,065	18,770	23,055
ADULTS & COMMUNITIES						
Demand & cost increases						
**	G7	Older people - new entrants and increasing needs in community based services and residential admissions	2,070	3,810	5,770	8,010
**	G8	Learning Disabilities - new entrants including children transitions and people with complex needs	500	1,075	1,585	2,250
**	G9	Mental Health - new entrants in community based services and residential admissions	350	720	1,110	1,505
**	G10	Physical Disabilities - new entrants in community based services	280	510	630	810
Other increases						
	G11	Market Premia - to recruit and retain key social workers	270	270	270	270
TOTAL			3,470	6,385	9,365	12,845
PUBLIC HEALTH						
Demand & cost increases						
*	G12	Integrated Sexual Health Service - increased testing	20	20	20	20
TOTAL			20	20	20	20
ENVIRONMENT & TRANSPORT						
Highways & Transport						
Demand & cost increases						
**	G13	Special Educational Needs transport - increased client numbers/costs	2,000	3,200	5,000	7,300
*	G14	Developing external funding bids (temporary growth removed)	-200	-200	-200	-200
*	G15	Highways Maintenance - other initiatives (temporary growth removed)	-3,700	-3,700	-3,700	-3,700
Total			-1,900	-700	1,100	3,400
Environment & Waste						
Demand & cost increases						
**	G16	Waste tonnage increases	1,100	1,000	1,000	1,000
**	G17	Contribution to Regional Waste Project (temporary growth removed)	0	0	-50	-50
Total			1,100	1,000	950	950
TOTAL E&T			-800	300	2,050	4,350
CHIEF EXECUTIVES						
Demand & cost increases						
*	G18	Business Intelligence - support C&FS and E&T	75	75	75	75
	G19	Connectivity (Broadband) Team - core funding until 2023/24; sources of external funding to be explored.	220	225	230	0
	G20	Legal Services - additional capacity, reducing need for external solicitors etc.	100	100	100	100
TOTAL			395	400	405	175
CORPORATE RESOURCES						
Demand & cost increases						
*	G21	Customer Service Centre - support service levels (temporary growth	-100	-200	-300	-300
	G22	County Hall Catering (lower occupancy)	50	0	0	0
	G23	ICT license subscriptions and support costs	400	685	685	685
	G24	Digital team to continue beyond March 2021, enabling authority-wide savings and cost avoidance	295	295	295	295
TOTAL			645	780	680	680

References	<u>Appendix E - GROWTH</u>	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
	<u>CORPORATE GROWTH</u>				
** G25	Growth contingency	0	6,770	12,430	17,595
	TOTAL	0	6,770	12,430	17,595
	TOTAL GROWTH	13,770	28,720	43,720	58,720
	<i>Overall net additional growth</i>		14,950	15,000	15,000

* items unchanged from previous Medium Term Financial Strategy

** items included in the previous Medium Term Financial Strategy which have been amended

CHILDREN & FAMILY SERVICES - CAPITAL PROGRAMME 2021-25 - Draft

APPENDIX F

Estimated Completion Date	Gross Cost of Project £000		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
		<u>MAIN GRANT FUNDED PROGRAMME</u>					
Mar-25	58,321	Provision of Additional School Places	29,543	9,478	5,300	14,000	58,321
		SEND Programme					
Mar-22	500	Social Emotional Mental Health (SEMH) Units	500				500
Mar-22	500	SEMH Special School - LA Developed	500				500
Mar-24	9,500	SEMH Special School - Free School	500	1,000	8,000		9,500
Mar-22	500	Communication and Interaction Difficulty Units	500				500
Mar-22	3,000	Expansion of Special Schools	3,000				3,000
							0
		Sub-total - SEND Programme	5,000	1,000	8,000	0	14,000
Mar-25	8,000	Strategic Capital Maintenance	2,000	2,000	2,000	2,000	8,000
Mar-25	2,000	Schools Devolved Formula Capital	500	500	500	500	2,000
Mar-24	600	Schools Access / Security	200	200	200		600
Mar-24	2,500	Assessment & Resi Multi-functional properties x 4	1,260	190	50		1,500
							0
		Other Capital	3,960	2,890	2,750	2,500	12,100
		Overall Total	38,503	13,368	16,050	16,500	84,421

<u>Future Developments - subject to further detail and approved business cases</u>							
		New Area Special School					

ADULTS & COMMUNITIES - CAPITAL PROGRAMME 2021-25 - Draft

Estimated Completion Date	Gross Cost of Project £000		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Mar-22	3,730	Hamilton Court/Smith Crescent - NWL Development - Improved Service User Accommodation	2,130				2,130
Mar-25	15,680	Disabled Facilities Grant (DFG)	3,920	3,920	3,920	3,920	15,680
		Changing Places/Toilets (Personal Assistance)	30	30			60
							0
			6,080	3,950	3,920	3,920	17,870
		<u>Social Care Investment Plan (SCIP):</u>					
Mar-25	5,500	Specialist Dementia Facility - Coalville	1,900	2,550	600	350	5,400
Mar-22	4,500	SCIP - Additional Schemes to be confirmed - balance	1,619				1,619
							0
		Sub-Total SCIP	3,519	2,550	600	350	7,019
		Total A&C	9,599	6,500	4,520	4,270	24,889

Future Developments - subject to further detail and approved business cases							
		Records Office					
		Heritage and Learning Collections Hub					
		Adult Accommodation Strategy (Social Care Investment Plan)					
		Digital for A&C					

ENVIRONMENT & TRANSPORT - CAPITAL PROGRAMME 2021-25 - Draft

Estimated Completion Date	Gross Cost of Project £000		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
		<u>Major Schemes</u>					
Mar-24	63,500	Melton Mowbray Distributor Road - North and East Sections	9,460	36,240	10,882		56,582
Mar-24	27,900	Melton Distributor Road - Southern Section	5,000	14,200	8,200		27,400
Mar-23	12,430	Zouch Bridge Replacement - Construction and Enabling Works	3,160	5,194	2,000		10,354
Mar-21	24,830	M1 Junction 23 / A512 Improvements	368				368
Mar-25	8,100	County Council Vehicle Replacement Programme	1,730	2,270	1,900	2,200	8,100
Mar-25	9,080	Advance Design / Match Funding	1,995	2,424	2,405	2,562	9,386
Mar-22	5,400	A511/A50 Major Road Network - Advanced design	1,740				1,740
Mar-22	10,740	Anstey Lane A46 (subject to £4.1m Leicester City contribution)	222				222
Mar-23	2,000	M1 Junction 20a - Advanced design	900	513			1,413
Mar-24	5,300	Melton Depot - Replacement			5,000		5,000
			24,575	60,841	30,387	4,762	120,565
Mar-25	47,870	<u>Transport Asset Management</u>		15,751	14,307	17,811	47,869
Mar-21	2,885	Capital Schemes and Design	2,885				2,885
Mar-21	630	Bridges	631				631
Mar-21	190	Flood Alleviation- Environmental works	190				190
Mar-21	2,500	Street Lighting	2,500				2,500
Mar-21	250	Traffic Signal Renewal	249				249
Mar-21	4,000	Preventative Maintenance - (Surface Dressing)	4,000				4,000
Mar-21	7,225	Restorative (Patching)	7,226				7,226
Mar-21	50	Safety Barrier etc	50				50
Mar-21	25	Public rights of way maintenance	24				24
Mar-21	55	Network Performance & Realibility	54				54
Mar-22	5,655	Hinckley Hub (Hawley Road) - NPIF	3,800				3,800
Mar-22	792	Safety Schemes	792				792
			22,401	15,751	14,307	17,811	70,270
		<u>Environment & Waste</u>					
Mar-22	5,500	Kibworth Site Redevelopment (Commitments b/f)	3,634	1,000			4,634
Mar-22	9,000	Waste Transfer Station Development (Commitments b/f)	6,962	1,000			7,962
Mar-22	500	RHWS [Surface Dressing reallocation]	300				300
Mar-25	1,856	Recycling Household Waste Sites Improvements and works	254	210	232	1,160	1,856
Mar-23	340	Mobile Plant	170	170			340
			11,320	2,380	232	1,160	15,092
		Total E&T	58,296	78,972	44,926	23,733	205,927

Future Developments - subject to further detail and approved business cases					
New Melton RHWS					
MMDR - North & East latest OBC + Contingency					
Contingency for Major projects/ Additional bid development/match funding					
Lutterworth Spine Road					
Windrow Composting Facility					
Compaction equipment					
Whetstone mobile plant					
A511 MRN Corridor					
Saftey Schemes (Accident Reduction Initiatives)					

CHIEF EXECUTIVES - CAPITAL PROGRAMME 2021-25 - Draft

Estimated Completion Date	Gross Cost of Project £000		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Mar-25	400	Leicestershire Grants	100	100	100	100	400
Mar-22	2,900	Rural Broadband Scheme - Phase 3	1,850				1,850
		Total Chief Executives	1,950	100	100	100	2,250

<u>Future Developments - subject to further detail and approved business cases</u>							
		Relocation of Hinckley Registry Office					
		Rural Broadband Scheme					

CORPORATE RESOURCES - CAPITAL PROGRAMME 2021-25 - Draft

Estimated Completion Date	Gross Cost of Project £000		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
		<u>ICT</u>					
Mar-24	920	Corporate ICT Programme	0	420	500		920
Mar-24	400	Workplace Strategy - ICT Infrastructure	0	150	250		400
Mar-25	3,700	Workplace Strategy - End User Device (PC, laptop)	900	800	400	1,000	3,100
Mar-25	1,000	Internal Firewall Replacement	300	0	0	700	1,000
Mar-22	200	Cisco Core Network Switch Replacement	200				200
Mar-23	80	SolarisServer Refresh	20	60			80
		Sub total ICT	1,420	1,430	1,150	1,700	5,700
		<u>Property Services</u>					
Mar-22	4,420	Melton, Sysonby Farm Development - site preparation and infrastructure works	2,465				2,465
Mar-24	1,200	Workplace Strategy - property costs, dilapidations and refurbishments	400	400	400		1,200
Mar-23	440	County Hall Lift Replacement Scheme	50	150	130		330
Mar-22	85	Romulus Court - IT environmental monitoring (subject to approach review)	85				85
Mar-22	110	County Hall - Fire Compartmentation	110				110
Mar-22	110	Coalville Office - Window replacement - Environmental improvements	110				110
		Sub total Strategic Property	3,220	550	530	0	4,300
		<u>Climate Change - Environmental Improvements</u>					
Mar-24	980	Score + (Schools Energy Efficiency Scheme)	330	330	320		980
Mar-23	200	Electric Vehicle Car Charge Points	100	100			200
Mar-23	110	Minimum Energy Efficiency Standards	55	55			110
		Sub total Energy	485	485	320	0	1,290
		Total Corporate Resources	5,125	2,465	2,000	1,700	11,290

<u>Future Developments - subject to further detail and approved business cases</u>					
<p>Major System Replacements, IAS, Mosaic, Capita One, STADS, PAMS, s106 system</p> <p><u>Strategic Property Future Developments</u></p> <ul style="list-style-type: none"> C Hall Eastern annexe - replacement roof and cladding to enable collections hub C Hall Eastern annexe - internal adaptations to enable collections hub <p><u>ICT Future Development:</u></p> <ul style="list-style-type: none"> Remote Access Network Connectivity (Resiliency) Hyperconverged Infrastructure Backup System Replacement WDM Equipment (DC to DC Connectivity Hardware) Telephony Equipment LoadBalancers Mobile Smartphone Refresh Solaris Storage <p><u>Country Parks Future Developments:</u></p> <ul style="list-style-type: none"> Watermead CP - Visitor Centre Toilets and Café Market Bosworth Park - Café Country Parks - ticketless parking at Broombriggs, Bosworth Battlefield and Watermead CP Ashby Woulds Heritage Trail - resurfacing Broombriggs Farm Cottage - refurbishment <p><u>Climate Change Future Developments:</u></p> <ul style="list-style-type: none"> Energy & Water Strategy - Invest to save Eastern Annexe - Solar Panels and Rain Water Harvesting Stud Farm - Solar PV 					

CORPORATE - CAPITAL PROGRAMME 2021-25 - Draft

Estimated Completion Date	Gross Cost of Project £000		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
		<u>Corporate Asset Investment Fund (CAIF)</u>					
Sep-21	6,390	Quorn Solar Farm	6,390				6,390
Mar-22	7,490	Quorn Barrow Road Industrial Units (Carbon Neutral)	7,490				7,490
Mar-25	1,300	County Farms Estate - General Improvements	700	200	200	200	1,300
Mar-25	1,080	Industrial Properties Estate - General Improvements	330	250	250	250	1,080
Mar-23	2,750	M69 Junction 2 - SDA	2,530	200			2,730
Mar-23	8,200	Leaders Farm, Phase 2 - Ind Units and x2 Drive Thru Restaurants	0	8,000			8,000
tbc	5,000	East of Lutterworth SDA (planning and preparatory works)	2,000	3,000			5,000
Mar-25	39,000	Asset Acquisitions / New Investments - subject to Business Case	0	10,000	12,000	17,000	39,000
		Sub total CAIF	19,440	21,650	12,450	17,450	70,990
		<u>Future Developments</u>					
Mar-25	50,000	Future projects - subject to business cases	5,000	10,000	16,000	19,000	50,000
		Total Corporate Programme	24,440	31,650	28,450	36,450	120,990