



Meeting: **Cabinet**

Date/Time: **Friday, 16 December 2022 at 11.00 am**

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

Contact: **Ms. J. Bailey (Tel. 0116 305 2583)**

Email: **jenny.bailey@leics.gov.uk**

Membership

Mr. N. J. Rushton CC (Chairman)

Mr. B. L. Pain CC	Mrs H. L. Richardson CC
Mrs D. Taylor CC	Mrs. P. Posnett MBE CC
Mrs. C. M. Radford CC	Mr. R. J. Shepherd CC
Mr. O. O'Shea JP CC	Mr. P. Bedford CC
Mr. L. Breckon JP CC	

SUPPLEMENTARY REPORT

<u>Item</u>	<u>Report by</u>	
4. Medium Term Financial Strategy 2023/24 to 2026/27 Proposals for Consultation.	Director of Corporate Resources	(Pages 3 - 110)



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CABINET – 16TH DECEMBER 2022

PROVISIONAL MEDIUM TERM FINANCIAL STRATEGY
2023/24 - 2026/27

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 2023/24 to 2026/27, for consultation and scrutiny.

Recommendations

2. It is recommended that:
 - (a) The proposed Medium Term Financial Strategy, including the 2023/24 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 with regard to the Leicester and Leicestershire Business Rates Pool in 2023/24 and subject to agreement by all member authorities, to implement this;
 - (c) Each Chief Officer in consultation with the Director of Corporate Resources and following consultation with the relevant Lead Member(s), undertake preparatory work as considered appropriate to develop the savings set out in the draft MTFS, including preparing for consultation, to enable the Cabinet and Council to consider further those savings to be taken forward as part of the MTFS and implemented in a timely manner;
 - (d) A further report be submitted to the Cabinet on 10th February 2023.

Reasons for Recommendations

3. To enable the County Council to meet its statutory requirements with respect to setting a balanced budget and Council Tax precept for 2023/24 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 Department for Levelling Up, Housing and Communities in respect of the Business Rates Pool within 28 days from the draft Local Government Finance Settlement.
6. To enable early work to be undertaken on the development of new savings to address the worsening financial position.
7. To consider feedback from consultation on the draft MTFS and the views of the Overview and Scrutiny bodies and the final recommendations to be made to the Council.

Timetable for Decisions (including Scrutiny)

8. The external consultation on the MTFS will take place from 16th December 2022 until 15th January 2023. The MTFS will be considered by the County Council's Overview and Scrutiny bodies between 18th and 30th January 2023 as follows -

Health - 18th January

Environment and Climate Change – 19th January

Adults and Communities - 23rd January

Children and Families - 24th January

Highways and Transport - 26th January

Scrutiny Commission - 30th January

9. The Cabinet will then consider the comments of the scrutiny bodies and responses from the wider consultation process at its meeting on 10th February 2023. The County Council meets on 22nd February 2023 to consider the final MTFS.

Policy Framework and Previous Decisions

10. The MTFS is a rolling financial plan that is updated annually. The current MTFS was approved by the County Council on 23rd February 2022.
11. The County Council's Strategic Plan (agreed by the Council on 18th May 2022) summarises the Council's vision for Leicestershire through five strategic outcomes and a single line vision statement. The outcomes represent long-term aspirations for Leicestershire which may not be achieved in full during the four-year course of the Strategic Plan. Therefore, the Plan also includes specific aims for the Council to achieve by 2026 in order to progress towards each outcome. It

also sets out some of the key actions which the Council will deliver to achieve these aims. The five outcomes are:

- **Clean, green future:** The environment is protected and enhanced, and we tackle climate change, biodiversity loss and unsustainable resource usage
- **Great communities:** Leicestershire has thriving, inclusive communities in which people support each other and participate in service design and delivery
- **Improving opportunities:** Every child gets the best start for life with access to a good quality education and everyone has the opportunities they need to fulfil their potential.
- **Strong economy, transport and infrastructure:** Leicestershire has a productive, inclusive and sustainable economy and infrastructure which meets the demands of a growing population and economy.
- **Keeping people safe and well:** The people of Leicestershire are safe and protected from harm and have the opportunities and support they need to take control of their health and wellbeing.

12. The MTFS, along with other plans and strategies such as the Transformation Programme, the Capital Strategy, the Treasury Management Strategy, the Corporate Asset Management Plan and the Risk Management Strategy, aligns with these aims and underpins the Strategic Plan's delivery.
13. The Cabinet at its meeting on 23rd September 2022 noted the significant financial challenges faced by the Council and inter alia agreed the approach to updating the MTFS.
14. The Cabinet at its meeting on 25th November 2022 agreed the approach and principles to be applied to managing financial risks associated with capital infrastructure projects.

Legal Implications

15. The Director of Law and Governance has been consulted on this report.
16. The Council is required to set a balanced budget each year following the processes set out in the Local Government Finance Act 1992. The Director of Corporate Resources as the Council's section 151 Officer has a number of duties relating the Council's financial administration and resilience including to report on the robustness of the Council's budget estimates and the adequacy of its reserves. There is a further duty to issue a formal report if the s151 Officer believes that the Council is unable to set or maintain a balanced budget.
17. The Council is further charged with a duty to secure best value by making 'arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". This duty is supplemented by statutory guidance to which the Council must have regard.

18. 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' although it is recognised that it is at the point in time when plans are developed to reconfigure or reduce services that the assessment is key.
19. The County Council as a major precepting authority is required to consult representatives of business rate payers and details of the budget consultation are set out below. There is no statutory requirement to undertake a public consultation on the MTFS but it is important to bear in mind that decisions which flow from the MTFS in relation to a change of provision or service will require adequate and proper lawful consultation before any decision is made as well as an equalities assessment to comply with the Public Sector Equality duty as referred to above and that the preparatory work to be undertaken by Chief Officers as set out in the recommendations is key to ensuring lawful decision-making.

Resource Implications

20. The MTFS is the key financial plan for the County Council. The County Council's financial position has been challenging now for a number of years due to over a decade of austerity combined with significant growth in spending pressures, particularly from social care and special education needs. This was exacerbated by the impact of the Covid-19 pandemic. The Council is now also faced with the significant challenges linked to the war in Ukraine in terms of global energy and food supply and the resultant impact on inflation levels which have risen to levels not seen for many decades.
21. The Autumn Statement announced in November 2022 provides more information to update the financial position reported to the Cabinet in September 2022. The Government is due to issue a policy statement imminently which is expected to provide greater clarity on a number of issues. The Government's spending review period only extends to 2024/25. There is little financial certainty beyond this point, except that the new Government will have a challenging time balancing the nation's finances.
22. The level of uncertainty in the MTFS continues to remain much higher than it was pre-Covid and the scale of the challenge faced to balance the MTFS by year 4 is much more significant than has been the case in the past.
23. The current MTFS was balanced for year 1 only, with a gap of £8m in year 2 rising to £40m in year 4. This revised MTFS balances in year 1 only, now with a gap of £17m in year 2 rising to £92m in year 4. The gaps in the third and fourth years of the MTFS are particularly concerning. To have a realistic chance of closing them the County Council will need to identify mitigations that allow 2024/25 to be balanced without the use of reserves.

24. Delivery of the MTFS requires savings of £155m to be made from 2023/24 to 2026/27, unless service demand reduces, or additional income is secured. This MTFS sets out in detail £38m of savings and proposed reviews that will identify further savings to reduce the £92m funding gap in 2026/27. A further £25m of savings will be required to contain High Needs expenditure within the Government grant going forwards (in recent years expenditure has exceeded grant to the extent that a cumulative deficit of £40m is forecast by the end of the current financial year). Strong financial control, plans and discipline will be essential in the delivery of the MTFS.
25. To ensure that the MTFS is a credible financial plan, unavoidable cost pressures have been included as growth. By 2026/27 this represents an investment of £69m, primarily to meet the forecast increase in demand for social care. The MTFS also includes a £110m provision for pay and price inflation. The majority of these pressures are unavoidable due to the nationally set National Living Wage and pay awards and increases to running costs driven by the cost of living crisis.
26. Balancing the budget is a continued challenge. With continual growth in service demand recent MTFS's 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.
27. The £17m gap in the second year is not expected to be cleared by the time the MTFS is approved in February 2023. Reserves will need to be set aside to ensure that the County Council has sufficient time to formulate and deliver savings and suppress service growth. A heightened focus on the County Council's finances continues to be required whilst this situation remains.
28. The draft four-year capital programme totals £509m. 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. The proposals include £28m additional funding for the Melton Mowbray Distributor Road, North and East sections, which is the subject of a separate report to this Cabinet meeting. Capital funding available totals £380m with the balance of £129m being temporarily funded from the County Council's internal cash balances.
29. 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

30. This report has been circulated to all Members of the County Council.

Officers to Contact

Mr C Tambini, Director of Corporate Resources,
Corporate Resources Department,
☎0116 305 6199 E-mail Chris.Tambini@leics.gov.uk

Mr D Keegan, Assistant Director (Finance, Strategic Property and Commissioning),
Corporate Resources Department,
☎0116 305 7668 E-mail Declan.Keegan@leics.gov.uk

PART B

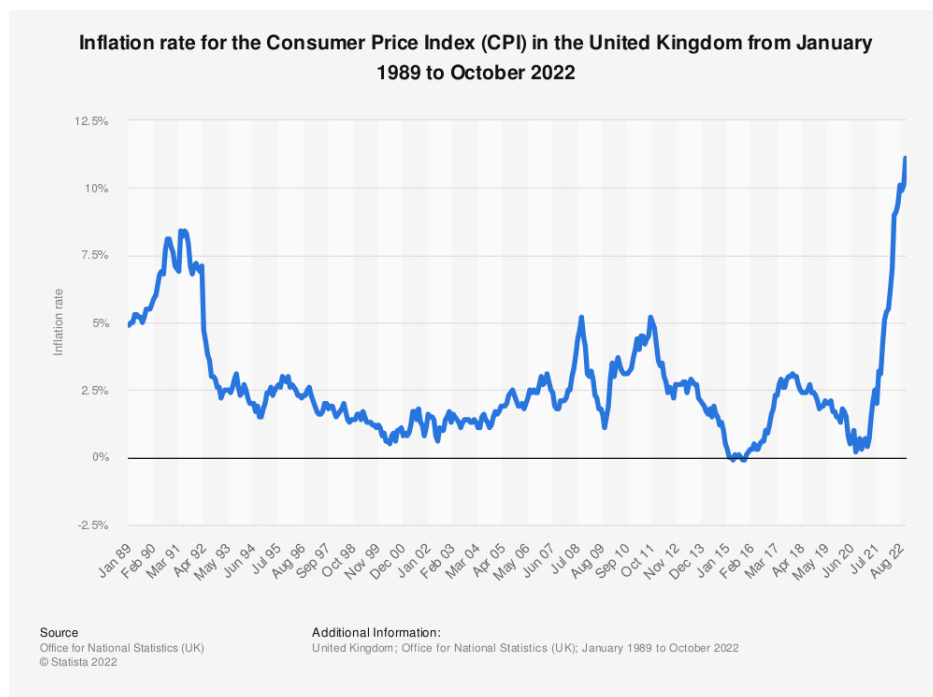
2022 Autumn Statement

31. On 17th November 2022 the Chancellor of the Exchequer delivered the 2022 Autumn Statement. The main details relating to the funding of the Council are set out below:
- Adult Social Care (ASC) reforms are delayed for at least 2 years.
 - £2.8bn nationally in 2023/24 and £4.7bn in 2024/25 to help support adult social care including discharge from hospital, which includes £1bn of new grant funding in 2023/24 and £1.7bn in 2024/25:
 - £600m in 2023/24 and £1bn in 2024/25 through the Better Care Fund to get people out of hospital on time into care settings, freeing up NHS beds for those that need them;
 - £400m in 2023-24 and £680m in 2024/25 to be distributed through a grant ringfenced for adult social care which will also help to support discharge.
 - £1.3bn in 2023/24 and £1.9bn in 2024/25 as Social Care Grant; the funding that was set aside for the reforms to ASC.
 - The gap between the headline £2.8bn and the sum of the £1bn and the £1.3bn looks to be the assumed additional sums to be raised from the 2% Adult Social Care precept.
 - Council Tax increases of 3% “core” and 2% ASC Precept. These are higher increases than in recent years but will not keep pace with additional service growth and current levels of inflation. Limits continue to be set annually.
 - Business Rates bills from April 2023 will reflect changes in property values since 2017, with a transition relief scheme for businesses with significant changes, and some targeted support will continue including for the hospitality and leisure sectors. The Business Rates Multiplier will be frozen in 2023/24. Local authorities will be fully compensated for the impact of this package via Section 31 grant.

National Context

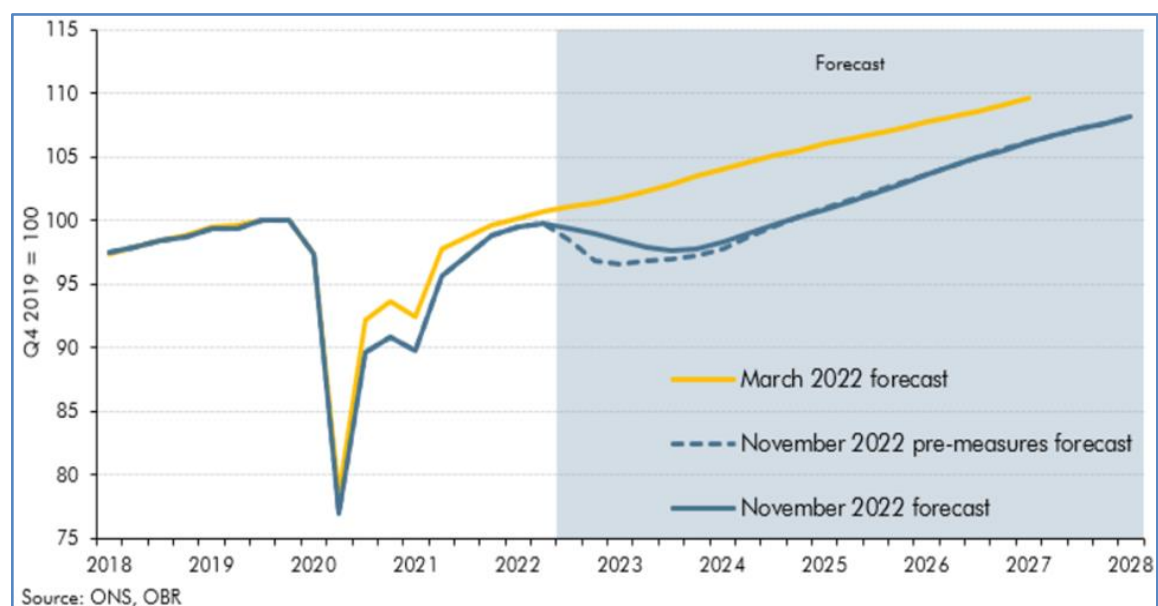
32. The MTFs is the key financial plan for the County Council. The County Council’s financial position has been challenging now for a number of years due to over a decade of austerity combined with significant growth in spending pressures, particularly from social care and special education needs. This was exacerbated by the impact of the Covid-19 pandemic. The Council is now also faced with the significant challenges linked to the war in Ukraine in terms of global energy and food supply and the impact on inflation levels which have risen to levels not seen for many decades – see Graph 1 below.

Graph 1 – Inflation



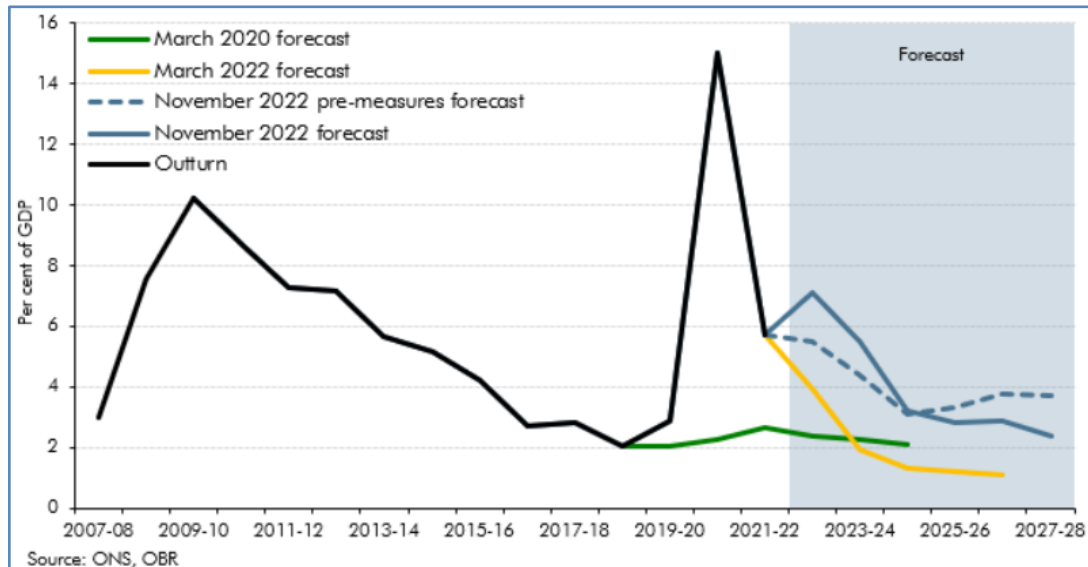
33. The Office for Budget Responsibility's (OBR's) latest economic forecast (November 2022) shows inflation peaking at 11% in this quarter (and that is after allowing for a 2.5% benefit arising from the energy price guarantee) before falling sharply to potentially negative territory before stabilising at the target rate of 2% by the end of 2027.
34. The squeeze on real terms income and rising interest rates are expected to lead to a recession lasting a year (4 consecutive periods of contraction) with a net fall in GDP of 2%. The economy will be below its pre-Covid peak until late 2024. Graph 2 below shows this and the projected growth up to 2028.

Graph 2 – GDP forecast



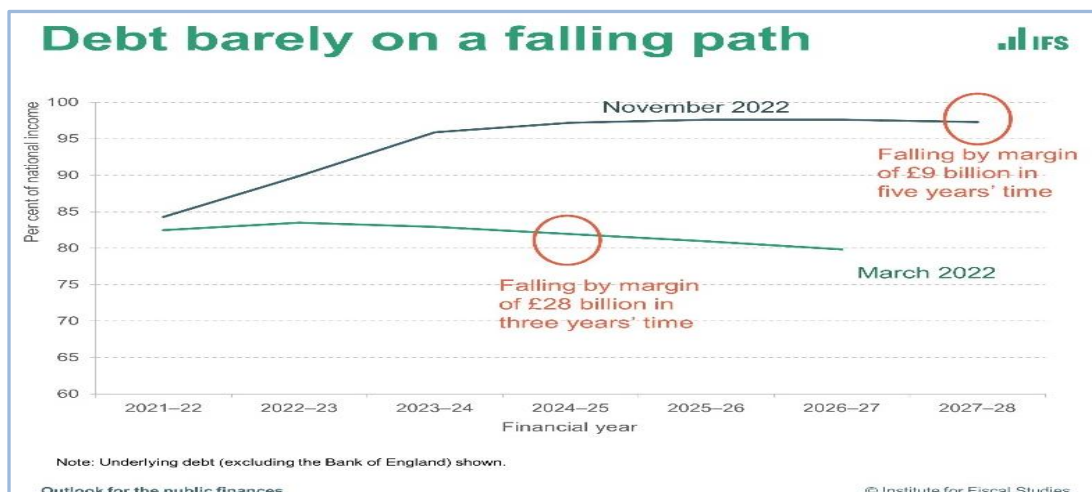
35. The impact is to increase borrowing by £64.2Bn in 2022/23 and by £39.8Bn in 2023/24 but then policy decisions lead to a reduction from 2024/25 to £39.4Bn less by 2027/28. After peaking at 15% of GDP during Covid-19 public sector net borrowing is forecast to be 7.1% this year before falling to 5.5% next year and to 2.4% by 2027/28 as shown in Graph 3.

Graph 3 Public Sector Net Borrowing



36. Underlying debt looks problematic in that it is expected to peak at 97.6% of GDP by 2025/26, rising from 84.6% in the current year. In light of the challenges of the energy crisis and the significant increase in the cost of borrowing, the Government will miss its two economic targets of balancing the current budget and get underlying debt falling by £8.7Bn and £11.4Bn respectively. It has now set itself two alternative targets: to get borrowing down below 3% of GDP and debt falling as a % of GDP in five years' time.
37. Graph 4 below, based on an assessment by the Institute of Fiscal Studies, shows that this latter target could be very challenging and there is limited scope for manoeuvre.

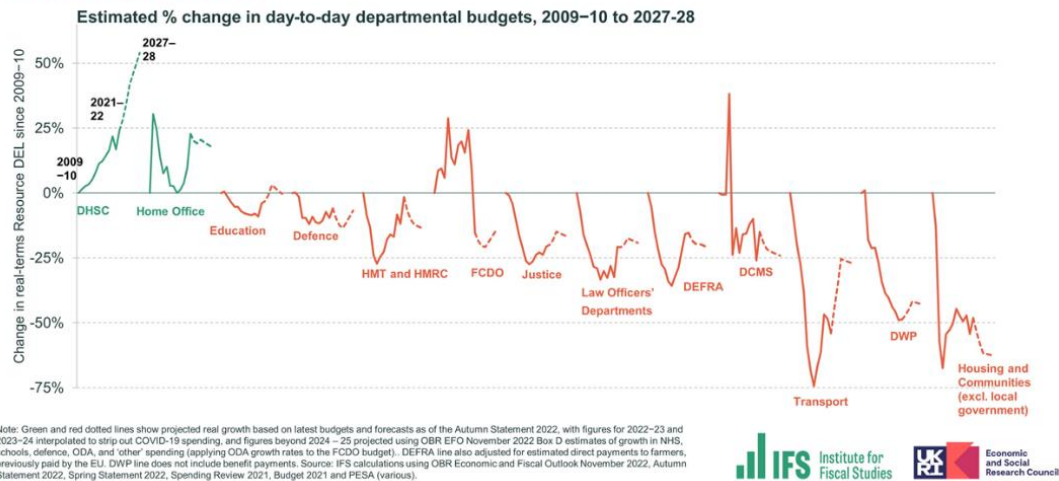
Graph 4 – Debt as a Percentage of National Income



38. The Government's plans are based on very tight spending plans post 2025, based on 1% real terms growth per year. However, given that many service areas will be protected, such as health and defence, the majority will face real terms cuts. Graph 5 below shows a comparison by Government Department of pre-austerity budgets with last year's budgets and expected budgets in 2027/28.

Graph 5 – Government Departmental Expenditure Limits

Tight post-2025 spending plans mean cuts of the 2010s won't be undone for most departments



Expected Service Reforms

SEND (Special Educational Needs and Disabilities) Review

39. Concern remains nationally about the sustainability of the current SEND system both in terms of provision and funding. The Department for Education (DfE) published the outcome of the SEND Review in the SEND Review; Right support, right place Green Paper in March 2022. Consultation on the proposals closed in July but findings have yet to be published.
40. The Green Paper aims to establish a single national SEND and alternate provision system based on clear standards that children and young people and their parents and carers can expect to receive and the process to access it no matter where they live. This system will:
- Ensure every child and young person has their needs identified quickly and met more consistently with support determined by need and not where they live.
 - Restore trust and confidence in an inclusive education system with excellent mainstream provision the puts children and young people first.
 - Create a system that is financially sustainable and built for long term success.

41. It is unclear when the outcome of the March consultation will be known and therefore the timescale for any changes. A solution to the system wide issues being encountered by Local Authorities is not imminent and the gap between the cost of meeting demand and the funding made available to local authorities to meet their duties continues to grow.

Adult Social Care Reform

42. In December 2021 the Government released its long awaited White Paper on social care reform, 'People at the Heart of Care'. The White Paper articulated a 10 year vision for transforming adult support and care in England. This was accompanied by Government announcements of £5.4bn of national funding over three years solely for the reform of Adult Social Care in England - £3.6bn to pay for charging reform, and £1.7bn to improve access to social care, including a £500m investment in the workforce.
43. From a local authority financial perspective, key elements of this reform included a cap on personal care costs to put a limit on the costs that people will need to spend to meet their eligible care and support needs, an extension to the means test that determines what someone can afford to contribute towards the costs of their care, and a move towards paying care providers a fair cost of care to ensure sustainable care markets. These elements all had a cost implication for local authorities, and whilst there was still some uncertainty over the levels of these costs and the level of Government funding that would be available to support this, early indications were that there would be a gap between costs and funding.
44. However, the Chancellor's Autumn Statement in November 2022 announced a two-year delay on the national rollout of the reforms – initially planned for implementation starting in 2023/24, this has now been pushed back to 2025/26. The Statement also said that the funding for implementation would be maintained within local government to enable local authorities to address adult social care pressures. Further details are awaited on the details of this delay and the Council will closely monitor the position and the impact it will have in Leicestershire.

Children's Care Reform

45. Government reforms for Children's social care were reported in May 2022. The government are due to respond to the independent reviews of Children's Social Care, the Safeguarding practice review panel into two high profile child murders and the Competition and Markets Authority report into the children's social care market, but it is not yet known when the Children's Social Care National Implementation Board who are charged with considering the reviews will report. The estimated cost of the Children's Social Care review recommendations are £2.6bn nationally.

Local Government Finance Settlement

46. The 2023/24 provisional Local Government Finance Settlement is due to be released on 21st December 2022. 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.

47. Recent Settlements have only provided figures for one year and it is unclear whether the 2023/24 Settlement will provide details for more than that one year. The maximum period that information could be provided for is 2-years, in line with the Government's spending review period. Government has indicated that any review of Local Government funding will not take place before the next parliament.
48. The MTFS is based on the following assumptions:
- The County Council will receive around £12m additional funding in 2023/24 for Social Care (increasing to £17m in 2024/25), offset by a reduction to the 2022/23 Services Grant (£2.8m) and New Homes Bonus Grant (£0.9m).
 - Core Council Tax increases of up to 2.99% in 2023/24 and 1.99% in later years.
 - The new flexibility for the Adult Social Care precept will be taken to provide an increase of 2% in 2023/24.
 - No changes to the current 50% Business Rates retention scheme for 2023/24 or 2024/25; a "reset" is now assumed in 2025/26. Additional S31 grant should be received to offset the effects of the revaluation, the freezing of the multiplier and the continuation of discounts and reliefs to some sectors.
 - Specific grants are not reduced by the awarding Government department.
49. These assumptions will be reviewed and updated as appropriate based on the provisional Settlement.
50. 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 2023/24 may not be confirmed in the current financial year and the ongoing implications are subject to significant uncertainty.

Spending Power

51. The Government uses a measure of core spending power in assessing an authority's financial position. The County Council's historic annual core spending power from the 2022/23 Settlement is shown below. The key thing to note is that over this period Revenue Support Grant (RSG) had disappeared completely by 2019/20 compared to a figure of £56m in 2015/16 (in 2013/14 RSG was £81m).
52. In compensation for these reductions, additional specific funding streams have increased. Although a degree of certainty would be expected from having no RSG, Government continue to raise the possibility of "negative RSG".

	15/16 £m	16/17 £m	17/18 £m	18/19 £m	19/20 £m	20/21 £m	21/22 £m	22/23 £m
Settlement Funding Assessment: RSG	56.2	37.0	19.5	8.5	0.0	0.0	0.0	0.0
Settlement Funding: Business Rates	60.5	57.4	58.7	60.9	62.9	64.4	65.1	67.0
Council Tax*	233.4	247.6	263.1	285.5	301.6	319.3	336.9	352.5
Improved BCF**	0.0	0.0	9.5	12.4	14.8	17.2	17.2	17.7
New Homes Bonus	3.3	4.3	4.1	3.7	3.7	3.7	2.6	2.1
Transition Grant	0.0	3.3	3.3	0.0	0.0	0.0	0.0	0.0
Adult Social Care Support Grant	0.0	0.0	2.4	1.5	0.0	0.0	0.0	0.0
Winter Pressures Grant#	0.0	0.0	0.0	2.4	2.4	0.0	0.0	0.0
Social Care Grant	0.0	0.0	0.0	0.0	4.1	13.0	14.2	19.9
Market Sustainability	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6
2022/23 Services Grant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.3
Core Spending Power	353.4	349.6	360.6	374.9	389.5	417.6	436.0	465.0

*Government forecasts of 2022/23 Council tax and Council tax base increases, which are 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 from 2020/21.

Grant shown as part of iBCF from 2020/21.

53. The table shows that 'core spending power' increased in cash terms by £111.6m (31.6%) from 2015/16 to 2022/23. With inflation historically 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. This is particularly difficult for Leicestershire which continues to be an area of one of the fastest growing populations nationally.
54. Moreover, the Core Spending Power (CSP) measure assumes councils increase council tax by the maximum amount permitted, including raising the full adult social care precept. Whilst the County Council has always done this since the adult social care precept was introduced, it is mindful that in doing so it has raised council tax above inflation in recent for a number of years.
55. The Government also assumed that the average tax base growth seen in recent years (2% in the case of the County Council) would be repeated in 2022/23. That assumption was not adjusted for the adverse impacts of Covid-19 and the actual net increase in the 2022/23 tax base was 1.3%, a significant improvement on the 0.5% in 2021/22 but still below the 2% average in recent years. There is an overstatement of £0.9m in the 2022/23 CSP, with Council Tax being assumed at £352.5m compared with the actual 2022/23 precept of £351.6m. It is anticipated that the Government will adjust the 2022/23 CSP when it is issued again in the Provisional 2023/24 Settlement.
56. 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.
57. There are still significant risks due to the uncertainty of future funding levels.

Funding Reforms

58. 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.
59. 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 has a cross-party support group, the County Councils' Network (CCN).
60. The County Council is a member of the F20 Group of councils which have the unenviable position of facing higher levels of council tax and lower levels of core spending power. The group continues to press for reforms and offer practical suggestions to the Government that could be implemented quickly.
61. 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 Leicestershire as an area was funded at the same level as Surrey, it would be £120m per year better off, or if funded at the same level as Camden, £288m.
62. The Government has accepted the need for a simpler system that recognises the relative need of areas, rather than just reflecting historic funding levels but given other pressures it will not make significant changes until the next parliament.
63. The "Other Grants and Funds" section of this report show the main specific grants received. Several have not been confirmed, even for 2023/24, and are unlikely to be until the new year. The levels for future years are therefore highly uncertain. Some grants are also affected by economic measures, most notably inflation. To deal with anticipated reductions in future years a £3m allowance has been made for grant reductions in 2024/25 and later years, reflected as a potential reduction to the Business Rates "Top-up".

Business Rates

64. 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.
65. When Government makes changes to the national Business Rate Scheme compensation for funding losses are made through a series of grants, referred to as Section 31 grants.

66. The proposed MTFS includes an assumption that the total of the baseline, top up and Section 31 grant elements will be increased by 10.1% in 2023/24, in line with the CPI in September 2022, and that the increase will be mainly received in the form of additional Section 31 grant from the Government, as the Chancellor of the Exchequer has frozen the “poundage” charged to business for 2023/24 at 2022/23 levels.
67. 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 was deferred again until 2022/23. It is anticipated that the Local Government Finance Settlement in December 2022 will confirm that the reset will be deferred again until 2025/26. This will result in councils losing their share of accumulated growth. For the County Council this amounts to £7m 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 £14m.
68. 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.
69. 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 £55m is forecast to have been retained in Leicestershire since 2013/14, due to the success of the Pool, with a further potential surplus of £14.5m forecast in 2022/23.
70. The partners will decide in January 2023 on whether to continue with the Pool in 2023/24. Due to the level of accumulated surplus continued pooling is expected to remain beneficial, despite the wider economic challenges.

Council Tax

71. The Localism Act 2011 provides for referendums on any proposed increase in Council Tax which is defined as excessive (using definitions prescribed by central government) which effectively gives a power of veto. A cap on the core increase of 3% is in place for County Councils for 2023/24. In addition, they are permitted to raise an additional 2% to fund adult social care (the adult social care precept).
72. 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 affects the level of income available ad infinitum. Every 1% Council Tax is increased by is worth £3.5m to the County Council and costs each household in a band D property an additional £1.21 per month. The 2023/24 draft budget assumes a 4.99% increase, which contributes significantly towards a balanced budget. If this increase was not taken more service cuts would be the inevitable consequence.

73. The draft MTFS is based on a council tax increase of 4.99% in 2023/24 and 1.99% in each subsequent year. Subject to Government announcements there is likely to be scope to raise additional amounts for both the core council tax and for the Adult Social Care precept in the subsequent years, but that would need to be assessed by the Council in light of the revised position this time next year.
74. Council tax base growth appears to be lower than anticipated in the current MTFS and the draft MTFS assumes that growth will fall from 1.5% to 0.75% over 2023/24 and 2024/25 due to the impact of the recession, that is widely expected to have started. Provisions will be reviewed when the 2023/24 tax bases and collection fund forecasts have been received from the district councils in January 2023. Any changes will be reflected in the report to the Cabinet on 10th February 2023.

Budget Consultation

75. The County Council undertakes an annual consultation on the draft budget. The results of this consultation will be reported to the Cabinet meeting on 10th February 2023. Information is already available on the County Council's website <http://www.leicestershire.gov.uk/budget-pressures-find-out-more>. The consultation period runs from 16th December 2022 until 15th January 2023. During that time comments on the Council's budget proposals can be submitted.
76. A number of budget engagement sessions have already been held with representatives from the voluntary sector, town and parish councils, partners as well as the Leicestershire Equalities Challenge Group. These sessions enabled a range of views and suggestions to be received and used in shaping the Council's decisions about prioritisation of services.
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 between 12th June and 10th September 2019, the outcome of which was reported to the Cabinet on 22nd November 2019.
78. Furthermore, a detailed focus group session was commissioned this year with M.E.L. research (a specialist market, social and behavioural research and insights consultancy) to obtain some detailed feedback and insight from a representative group across the County. It focussed on the extent of awareness around the financial pressures for local government, and the County Council in particular, how services should be prioritised within tight financial constraints, the extent to which and the areas where community engagement could help and what levels of council tax increase would be considered acceptable. The report from this exercise is attached as Appendix G to this report.
79. It is important that the results of this engagement continue to influence the County Council's budgetary decisions. A key finding from the consultation exercises undertaken is that respondents all felt that support for vulnerable people should be protected and this has been a key consideration in shaping the Council's proposals.

80. The refreshed MTFS as presented continues to represent a good fit with a detailed consultation undertaken in 2019 and more recent exercises. Further growth has 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.

2023/24 - 2026/27 Budget

81. 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 2023/24 budget excluding DSG is detailed in Appendix B.

Provisional Budget	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Services including inflation	480.3	508.5	539.0	582.8
Add growth	16.7	17.5	17.5	17.5
Less savings	<u>-13.3</u>	<u>-11.0</u>	<u>-7.1</u>	<u>-6.6</u>
	483.7	515.0	549.4	593.7
Central Items	9.7	14.7	20.0	24.1
Add growth	0.2	0.0	0.0	0.0
Less savings	<u>0.0</u>	<u>-0.1</u>	<u>0.0</u>	<u>0.0</u>
	493.6	529.6	569.4	617.8
Contributions to/from:				
Budget equalisation earmarked fund	9.4	6.9	7.3	8.1
General Fund	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Total Spending	<u>504.0</u>	<u>537.5</u>	<u>577.7</u>	<u>626.9</u>
Funding				
Business Rates	-80.6	-83.6	-74.1	-71.1
Council Tax	-372.9	-382.2	-395.6	-409.6
Central Grants	<u>-50.5</u>	<u>-55.1</u>	<u>-54.4</u>	<u>-54.4</u>
Total Funding	<u>-504.0</u>	<u>-520.9</u>	<u>-524.1</u>	<u>-535.1</u>
Shortfall	<u>0.0</u>	<u>16.6</u>	<u>53.6</u>	<u>91.8</u>

82. The MTFS shows a balanced position for 2023/24 and shortfalls of £17m in 2024/25 rising to £92m in 2026/27. As set out in the following section there is a range of initiatives currently being developed that will aim to bridge the gap.

Savings and Transformation

83. Overall, the balance between expenditure and income forecasts a gap of £92m 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 £38.2m that have been identified, £13.3m of which are to be made in 2023/24.

84. This is a challenging task especially given that savings of £250m have already been delivered over the last thirteen 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.
85. 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 2023. The main proposed four-year savings are:
- Children and Family Services (£12.6m). This includes savings of £9.2m from the “Defining CFS For the Future Programme” phases 1 and 2. This programme of work aims to improve outcomes for children, young people and their families whilst delivering significant financial savings.
 - Adults and Communities (£13.7m). This includes £3.9m from implementation of digital assistive technology to service users, £1.5m from commissioning efficiencies on Direct Payments and £1.4m from reviews of Home Care.
 - Public Health (£1.3m) from the review and redesign of several service areas.
 - Environment and Transport (£3.8m). Savings include £1m from improved options for the treatment of residual waste, £0.5m on street lighting, £0.5m from a review of Park and Ride, and £0.4m from the SEN Transport Lean Review.
 - Chief Executive’s Department (£1.0m). This includes savings of £0.6m from reviewing the Shire Grants programme and £0.2m from a review of case management and new ways of working.
 - Corporate Resources (£5.7m). This includes savings of £1.4m from the Workplace Strategy / Ways of Working, £1.3m from increasing returns from the Corporate Asset Investment Fund and £1.1m from ICT efficiencies.
86. Of the £38m identified savings, efficiency savings account for £34m, and can be grouped into three main types:
- a) Service re-design and delivery (£25m)
 - b) Better commissioning and procurement (£8m)
 - c) Senior management and administration (£1m)
87. Further savings or additional funding will be required to close the budget shortfall of £16.6m in 2024/25 rising to £91.8m in 2026/27.
88. It is estimated that the overall savings requirement would lead to a reduction of around 250 posts (full time equivalents) over the four-year period. However, it is expected that the number of compulsory redundancies will be much lower, given the scope to manage the position over the period through staff turnover and vacancy control.
89. 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 and assessment processes undertaken, 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.

90. The development and ultimate achievement of these savings was already challenging, following more than a decade of austerity. The pandemic 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. The current economic situation is leading to an even greater challenge due to the impact of inflation on the Council's finances.
91. 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 £24.6m are planned over the MTFS period.

Transforming the way we work – Strategic Change

92. The savings requirements contained within the MTFS remain the central driver for the Council's Strategic Change Portfolio (SCP). The body of work contained within the portfolio, refreshed annually, represents savings of circa. £70m, including £25m for the Councils Transforming SEND and Inclusion in Leicestershire (TSIL) programme. This will be aligned to the MTFS refresh to 2026/27 and reflects the priorities of the Council's new Strategic Plan.
93. Alongside the need for financial sustainability, the latest refresh of the portfolio continues three existing change themes, each representing key strategic priorities for change. The Council's commitment to reducing the environmental impact of its operations is represented in the Carbon Reduction programme with a clear target to achieve a net zero position by 2030. Improving customer contact through the use of automation and digital technology is a central premise of the Customer and Digital programme. Finally, the Council's Ways of Working programme is bringing together Technology, People and Workplace change to redefine how it operates and best utilises its resources.
94. Throughout the new MTFS period a focus on the identification of further internal efficiencies and productivity improvements will continue across the County Council. Through evidence-based continuous improvement, this work will help to identify and capture new savings opportunities to be delivered and mitigate where possible the need for future growth in spending or reductions in service delivery.
95. Given the requirement to identify and deliver further savings across the Council, effective service leadership well supported by corporate functions will be important. A common approach to effective change management will be utilised helping to increase local capabilities and to help ensure the prioritisation of the right change activity, along with mechanisms to assure that such change is well managed.

Growth

96. Over the period of the MTFS, growth of £69.3m is required to meet demand and service pressures with £16.8m required in 2023/24. The main elements of growth are:
- Children and Family Services (£28.6m). This is mainly due to £22.7m for pressures on the Social Care placements budget arising from increased numbers of Looked After Children and £5.4m for increased Social Care caseloads and workforce pressures.
 - Adult Social Care (£21.8m). This is largely the result of an ageing population with increasing care needs and increasing numbers of people with learning disabilities.
 - Environment and Transport (£7.1m). This mainly relates to increased service user numbers and costs for Special Educational Needs (SEN) transport.
 - Corporate Growth (£11.7m). 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.
97. Details of proposed growth to meet spending pressures are shown in Appendix E.

Inflation

98. The Government's preferred measure of inflation is the CPI. In October 2022 this was 11.1%. The Office for Budget Responsibility (OBR) expects inflation to fall over 2023 to 3.8% at the end of that year and to fall below the 2% target by the end of 2024. Inflation may then turn negative as energy and food prices are expected to fall.
99. However, the Council's cost base does not always reflect CPI. Energy and fuel increases, for example, have a much more significant impact (and of course there is no benefit to local authorities from the energy price cap). It is also anticipated that a significant element of the inflation being seen in 2022 will not impact on the Council's costs until 2023 due to factors such as contract renewal lagging behind headline inflation rates and forward purchasing of energy. The draft MTFS therefore assumes 10% inflation in 2023/24, 6% in 2024/25 and 3% per annum in 2025/26 and 2026/27.
100. The impact of the National Living Wage (NLW) is particularly significant. The NLW will rise from £9.50 to £10.42 in April 2023, an increase of 9.7%. It is expected to increase further to between £10.82 and £11.35 by 2024/25. In recent years social care costs have been driven up by its continued increases, for which an additional provision has been made. The NLW also has a significant impact on the Council's pay costs.
101. The main local government pay awards in 2022 have been based on all full-time staff receiving an increase of £1,925, equating to a 10.5% increase on the first pay point, and averaging around 6.4% across the whole pay scale. The MTFS

provides for an estimated average pay award increase of 5.5% in 2023/24, with higher percentage increases in lower grades, as in the 2022 pay award, followed by average increases of 3.5% in later years.

102. The central inflation contingency includes provision for an increase of 1.1% in the employer's pension contribution rate in 2023/24, in line with the requirements of the latest Leicestershire Local Government Pension Scheme (LGPS) triennial actuarial assessment. That assessment indicates that there is not a requirement to increase the contribution rate in subsequent years.
103. The Leicestershire LGPS overall funding level has improved to 105% of estimated liabilities as at 1 April 2022, mainly due to strong investment returns during the last 3 years. The improved funding position has had a positive outcome on contribution rates and has avoided increases than may have been expected given the worsening economic outlook. This outlook includes recessionary fears, increasing inflation, the Ukraine conflict (and other geo-political tensions) and climate risk, which all create uncertainty for long-term investment returns. If investment returns are lower than expected for the next 3 years, this position could be reversed, and contribution rates will need to increase again at the next triennial review.
104. Detailed service budgets for 2023/24 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

105. Interest income relating to Treasury Management investments is budgeted at £13.6m in 2023/24 and is estimated to reduce to £1.4m by 2026/27 as balances are reduced to fund internal borrowing for the capital programme and interest rates are expected to fall.
106. Capital financing costs are budgeted at £19.5m in 2023/24 and 2024/25 and are then expected to rise to £20m in 2025/26 and £21.5m in 2026/27, as a result of the increasing financing requirement for the capital programme.
107. The budget includes revenue funding of capital expenditure, to reduce the overall need for borrowing to fund the capital programme, of £1.5m in 2023/24 and later years.
108. Central grant income in 2022/23 totals £42.0m. and includes one-off Services Grant of £4.3m and £2.1m for New Homes Bonus Grant that is also assumed to be removed in 2023/24. The projected total of £50.4m in 2023/24 reflects an assumed additional £12.1m from monies announced in the Autumn Statement and reductions of £2.7m to the Services Grant and £0.9m to the New Homes Bonus Grant. The Local Government Finance Settlement should give more details on these grants.

Health and Social Care Integration

Better Care Fund (BCF)

109. 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.
110. The Council has received funding from the NHS through the Better Care Fund (BCF) since 2015/16 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. The BCF Policy Framework and Planning Requirements are refreshed regularly and may cover one year or a number of years. The Department of Health and Social Care (DHSC) and the Department for Levelling Up, Housing and Communities (DLUHC) published a Policy Framework for the implementation of the BCF in 2022/23 on 19th July 2022. NHS England will approve BCF plans in consultation with DHSC and DLUHC.
112. The four national conditions set by the Government in the policy framework for 2022/23 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 (HWB), and by the constituent local authorities and Integrated Care Boards (ICB).
 - 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) That a clear plan is in place to support improvements in the following two policy objectives:
 - enable people to stay well, safe and independent at home for longer
 - provide the right care in the right place at the right time
113. The Government confirmed on 18th November 2022 that the £500 million Adult Social Care Discharge Fund, announced in September, will be pooled into local BCF plans and Section 75 agreements which are the agreements between the NHS and the Council underpinning the pooling. Funding will be provided through grants to Local Authorities (40% of the national fund) and allocations via ICBs (the remaining 60%). Grant funding for Leicestershire in 2022/23 has been announced as £2m.
114. ICBs will need to confirm the agreed distribution of their allocation across the HWB areas in their footprint when spending plans are submitted. The deadline

for submission of plans, which must be agreed jointly with Health partners, is 16th December 2022. Guidance on the fund and planning process has been published as an addendum to the BCF Policy Framework by the DHSC.

115. The value of BCF funding for Leicestershire which was announced in July 2022 for 2022/23 is shown in the table below:

	2022/23 £m	
CCG Minimum Allocation	46.1	Level mandated by NHS England
IBCF	17.7	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	4.4	Passed to district councils
Total BCF Plan	68.2	

116. £20.5m 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.
117. In addition to the required level of funding for sustaining social care service provision, a further £7m of Leicestershire's BCF funding has been allocated for social care commissioned services in 2022/23. These services are aimed at improving carers' health and wellbeing, safeguarding, mental health discharge, dementia support and crisis response.
118. The balance of the CCG Minimum Allocation £18.6m is allocated for NHS commissioned out-of-hospital services.
119. Any reduction in the funding for social care from the BCF would place additional pressure on the Council's MTFS, and without this funding there is a real risk that the Council would not be able to manage demand or take forward the wider integration agenda.

Other Grants and Funds

120. There are a number of other specific grants included in the MTFS, most of which are still to be announced for 2023/24, for example:
- Public Health – the 2023/24 allocation is assumed to be £26.2m, the same as in 2022/23, but there is a risk that it will be reduced.

- Pupil Premium – estimated £5.4m similar to 2022/23.
- Universal Infant Free School Meals – estimated £2.4m similar to 2022/23.
- Section 31 Business Rates (Government funding for caps on business rates growth and other Government measures) – an estimate of £14.7m has been included for 2023/24, pending the Local Government Finance Settlement.
- Music Education Hubs Grants - £1.4m assumed, as in 2022/23.
- Troubled Families Grant – £1.7m indicative for 2023/24.
- Schools Block Dedicated Schools Grant - provisional settlement of £488.4m.
- Central Schools Services Dedicated Schools Grant, provisional £3.8m.
- High Needs Dedicated Schools Grant –provisional settlement of £100m.
- Early Years Dedicated Schools Grant – initial estimate £39m based on the new funding levels.
- New Homes Bonus – £1.2m assumed for 2023/24, reducing to £0.8m in 2024/25 before ceasing in 2023/24, pending the Local Government Finance Settlement.

Dedicated Schools Grant Settlement 2023/24

Schools Block

121. School funding remains delivered by the National Funding Formula (NFF) which 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.
122. 2023/24 is the first year of transition to the Direct Schools National Funding Formula, the DfE's stated intention is to fully move to the direct NFF but have not confirmed when that will be. Local authorities are further restricted on the content of their local funding formula for schools and will only be able to use the NFF factors and are required to move to within 10% of NFF values. This has no implications for Leicestershire where the current formula fully reflects the NFF.
123. The 2023/24 Schools Block provisional DSG settlement is £488.4m, a per pupil increase of 1.49%. The provisional allocation is based upon the 2021 October school census. The settlement will be updated to the October 2022 school census and reissued in the next month.
124. Whilst the NFF for schools is based upon the 2022 School Census, funding for local authorities is based upon the pupil characteristics recorded on the 2021 school census. Any increase in pupils eligible for additional funding, i.e. Free School Meals, 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 2022 Census has been received. The national regulations allow for an adjustment within the Minimum Funding Guarantee

within the school funding formula to ensure the budgets for schools can be fully met from the DSG allocation.

125. The NFF delivers a minimum amount of funding per pupil, £4,405 for primary and £4,785 for Key Stage 3 and £5,393 per Key Stage 4 pupil. Despite the overall increase in budget, at individual school level 57 (25% of primary schools) and 7 (16% of secondary schools) remain on the funding floor and is a slight improvement from the 2022/23 primary school position of 32% of schools at the funding floor with the secondary position remaining unchanged.
126. Schools are guaranteed a minimum increase of 0.5% per pupil, less than the 2% seen over recent years. For 2023/24 the DfE has focused additional funding on the deprivation factors within the NFF. The DfE views this movement as supporting those schools with larger proportions of pupils from ethnic minority backgrounds and with SEN.
127. The lower level of guaranteed increase in per pupil funding and the number of schools remaining on the funding floor leaves many vulnerable to changes in future levels of DfE protection. It is unclear what, if any, actions the DfE may take in the funding settlement to respond to the inflationary pressures within schools resulting from pay awards and general inflation. As the funding guarantee is at pupil level, schools with decreases in pupil numbers will see an overall decrease in budget allocation
128. Additionally, 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 2022 October census information is fully processed by the DfE; the allocation for 2022/23 was £3.1m and is estimated to remain at this level for 2023/24. The revenue cost of commissioning new school ranges is estimated to be £0.4m for primary and £2.3m for secondary, depending upon size and opening arrangements. 29 new primary and 2 new secondary schools are expected to be built in Leicestershire in the medium to long term. The DfE's June funding consultation proposed a national system for funding new and expanding schools from 2024/25 but further details are currently unknown.
129. It remains possible for local authorities to transfer up to 0.5% of the Schools Block DSG to High Needs following consultation with schools and with the approval of the Schools Forum. Secretary of State approval can be sought where the Schools Forum does not agree a transfer, where local authorities wish to transfer more than 0.5% and for local variations to some of the technical aspects of the NFF. No such transfer is proposed for 2023/24.

High Needs

130. High needs funding has been increased nationally; authorities will receive a minimum increase of 5% per head of the 2-18 aged population and a maximum of 7% per head. Leicestershire remains at the funding floor with a 5% increase. It should be noted that the population factor only generates 34% of the High Needs DSG allocation with other funding more specifically allocated based on levels of attainment, deprivation and health/disability.

131. The provisional allocation is £100m and will be confirmed in December. Leicestershire continues to receive floor funding which for 2023/24 is 2.9% of the funding allocation. Whilst this protection funding is reducing annually it should be noted that this allocation is the amount at which Leicestershire is funded above the funding generated by the High Needs National Funding Formula. The DfE has given local authorities their working assumption of annual increases of 3% and whilst grant allocations for 2024/25 onwards are uncertain this assumption has been factored into the MTFS.

132. The forecast position on the High Needs element of the DSG over the MTFS period is shown below:

High Needs Financial Forecast

	2023/24 £,000	2024/25 £,000	2025/26 £,000	2026/27 £,000
High Needs Dedicated Schools Grant	-100,129	-103,123	-106,208	-109,385
Placement Costs	110,143	118,612	129,056	140,568
Other HNB Cost	9,640	9,640	9,640	9,640
Commissioning Cost - New Places	417	90	90	0
Invest to Save Project Costs – TSIL	939	0	0	0
Total Expenditure	121,139	128,342	138,786	150,208
Funding Gap Pre Savings	21,010	25,219	32,578	40,823
TSIL Programme Defined Opportunities	-3,112	-8,596	-14,863	-21,522
Benefit of Local Provision and Practice Improvements	-2,515	-2,803	-3,115	-3,115
Total Savings	-5,627	-11,399	-17,978	-24,637
Annual Revenue Funding Gap	15,383	13,820	14,601	16,187
2019/20 Deficit Brought Forward	7,062			
2020/21 High Needs Deficit Brought Forward	10,423			
2021/22 High Needs Deficit Brought Forward	11,365			
2022/23 High Needs Deficit Brought Forward P6 Estimate	10,876			
Cumulative High Needs Funding Gap	55,109	68,929	83,529	99,716

133. Clearly the financial position set out above is alarming and unsustainable and further actions need to be taken to address the position. Whilst some of the increased deficit relates to increasing cost the significant element in the worsening position is the continued rate of growth in pupil numbers. Without addressing demand it is difficult to envisage a solution.

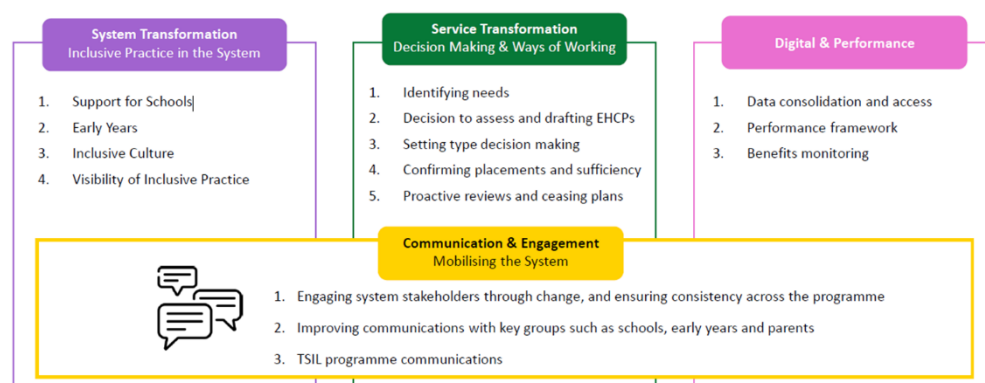
134. Following a diagnostic review early in 2022, the Council, through competitive tendering, engaged Newton Europe as a strategic partner to deliver a programme of ambitious change to transform services and achieve the wide system change necessary for long term service and financial sustainability. The diagnostic identified that:

- 68% of children and young people in specialist settings could have their needs met in mainstream schools or units
- 91% of children and young people in Independent Special Schools could have their needs met in Leicestershire special schools
- 34% of children and young people in mainstream provision with an Education Health and Care Plan (EHCP) do not require one.

135. Given the difficulties there are within the system of changing provision for pupils once they are in a placement, the TSIL programme aims to deliver solutions to this for new entrants into the SEN system.

136. The programme of work is now fully resourced and mobilised and consists of the following workstreams:

There are four Projects in the TSIL Programme, each of which has multiple workstreams



137. The programme mobilised in July and will receive intensive support from Newton Europe until July 2023, at that point the full time support will reduce to a programme of enhanced health check and support with transformation being delivered within the County Council which will consist of staff from within Children and Family Services delivering and maintaining change with the support of the Transformation Unit and other corporate services such as Finance and Business Intelligence.

138. Local authorities are required to carry forward DSG deficits as an unusable reserve and may only now contribute to DSG with the approval of the Secretary of State. Whilst this is the approach the DfE has encapsulated in legislation up until March 2023, it is not a sustainable nor reasonable approach. Details on the treatment from April 2023 are expected to be confirmed shortly.

139. Without the DfE addressing this through additional funding, local authorities will be required to set aside resources to offset the deficit. At the levels of expected

growth, the position is completely unsustainable and puts the Council's finances in a very difficult position. As such it is essential that the planned measures to contain ongoing growth, outlined above, are successful and both demand and costs are reduced.

Central Services Block

140. 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 £3.8m for 2023/24.
141. The provisional settlement continues an annual reduction of 20% for the Historic Costs element of the settlement but a guarantee remains in place to ensure that funding does not decrease below the financial commitment to meet former teacher employment costs. The recent funding consultation asked for views on transferring this funding from DSG into the Local Government Funding. The DfE has yet to provide its response to the consultation.

Early Years Block

142. The 2021 Spending Review set out an additional £180m nationally in respect of early years provisions but final information has not yet been released on this block for 2023/24. The DfE has consulted on a change to the Early Years National Funding Formula which would result in a funding increase for Leicestershire which would lift funding by £0.25 per hour for 3 and 4 year olds and £0.06 per hour for 2 year olds. Despite the increase Leicestershire would remain at the funding floor. The funding allocations for 2023/24 have not yet been announced, an initial estimate is £39m based on the proposed funding rates.
143. Leicestershire recorded a deficit of £4m on the Early Years Block DSG in 2021/22 and remain in dialogue with the DfE and early years providers for its recovery.

Earmarked Funds and Contingency

144. 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 2022/23 is £19m which represents 3.9% of the net budget (excluding schools' delegated budgets). It is planned to increase the General Fund to £23m by the end of 2026/27 to reflect increasing uncertainty and risks over the medium term, and to avoid a reduction in the percentage of the net budget covered. These risks come in a variety of forms:
 - Legal challenges such as judicial reviews that may result in 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.
 - Ongoing impact of Covid-19.
145. To put the level of resources into context: with the exclusion of schools, the County Council spends nearly £60m a month.
146. The proposed MTFS also includes a contingency of £10m in the first two years, reducing to £8m from 2025/26 for other specific key risks that could affect the financial position on an ongoing basis. Examples include:
- The non-achievement of savings.
 - Uncertainty 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.
 - No discretionary growth provided for.
 - Risks around commercial services.
 - Other one-off pressures.
147. The increase in the first two years relates to significant resource requests to deal with operational pressures and service changes. If the contingency is not required resources will be directed to priority areas, e.g. reducing the shortfall in capital funding discussed later in this report.
148. Other earmarked funds for revenue purposes (excluding schools' balances and partnerships) 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. There is funding available within the budget equalisation reserve for funding pressures within Leicestershire Traded Services (LTS) of £4m, and £14m to offset the forecast 2024/25 MTFS budget deficit.
149. Grant Thornton, the County Council's external auditor, reviews the level of earmarked funds held by the County Council as part of its Value for Money review of the current MTFS. The latest available report, from 2020/21, reported no issues. An updated assessment for 2021/22 is expected in January 2023.
150. There is a statutory requirement for the Council to have regard to the level of reserves needed to meet estimated future expenditure when calculating the budget requirements.

Concluding Comments – Revenue Position

151. The draft MTFS is balanced in 2023/24 with a financial gap of £16.7m in 2024/25 rising to £91.8m by 2026/27.
152. 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.

153. Funding uncertainties are predominately driven by Government and external factors. It is expected 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 2022/23 is uncertain. In line with previous practice the MTFS assumes a reduction in business rates and some grants, albeit at a far lower level than during the austerity years.
154. 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 service.
155. 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 2024/25 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.
156. 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 £46m of funding related to the BCF. Even a partial loss of this funding would be difficult to manage.
157. 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.
158. It is key to note that the delivery of the refreshed MTFS will be even more challenging than usual. Some local authorities, which are better funded than Leicestershire, were already in financial difficulties before the cost of living crisis began, and in recent months many, like Leicestershire, have been publicly stating that their budgets are under unprecedented pressures. 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. It is essential that the focus on medium term financial planning and strong financial discipline is maintained.
159. The delivery of this MTFS rests on four factors:
 - Dealing with the steep increase in cost pressures.
 - 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 and special education needs.

- 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.

160. Before a further MTFS report is considered by the Cabinet on 10th February 2023 the provisional MTFS will be reviewed and the overall position will be updated in light of the latest budget monitoring position for 2022/23 and Government announcements, including the Local Government Finance Settlement.

Capital Programme 2023/24 to 2026/27

161. 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, section 106 developer contributions and other external funding agencies;
- No or limited prudential borrowing (only if the returns exceed the borrowing costs).

162. The draft capital programme totals £509m over the four years to 2026/27, 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.

163. The draft programme and funding are shown below. The programme includes a proposed increase to the North and East Melton Mowbray Distributor Road capital scheme, shown within the Environment and Transport department, of £28m. This is subject to a separate report to the Cabinet on the agenda for this meeting.

Draft Capital Programme 2023-27

	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m
Children and Family Services	44.0	34.8	16.4	9.0	104.2
Adults and Communities	6.0	5.4	5.4	4.4	21.2
Environment and Transport	94.8	95.6	41.7	22.9	255.0
Chief Executive's	0.1	0.1	0.0	0.0	0.2
Corporate Resources	2.8	1.4	3.8	1.7	9.7
Corporate Programme	13.3	27.0	35.5	42.5	118.3
Total	161.0	164.3	102.8	80.5	508.6

Capital Resources 2023-27

	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m
Grants	103.8	56.6	28.5	28.5	217.3
Capital Receipts from sales	12.7	5.6	1.0	1.0	20.3
Revenue/ Earmarked funds Contributions	24.6	63.7	1.2	0.9	90.4
External Contributions	19.8	10.8	14.1	7.3	52.0
Total	161.0	136.7	44.7	37.7	380.0
Funding Required	0.0	27.6	58.1	42.9	128.6

164. 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 £40m is included in the draft capital programme, shown with the Corporate programme. This is a reduction of £20m compared with previous years following the promotion of schemes to the main capital programme and an updating of the latest requirements.

165. The overall proposed capital programme can be summarised as:

Service Improvements	£234m
Investment for Growth	£159m
Invest to Save	£76m
Future Developments	£40m
Total	£509m

Funding and Affordability**Forward Funding**

166. The County Council recognises the benefits that can come from forward funding 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. £31m in forward funding is included in the proposed capital programme (in addition to £6m in previous years) that is planned to be repaid in the future. 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.

167. Forward funding presents a significant financial commitment and risk for the County Council and is being undertaken to 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 the benefit of the local community.
168. There are risks involved in managing and financing a programme of this size. And an increased reliance on developer contributions through section 106 agreements means that it may take many years for investment to be repaid. Historic agreements may not be sufficient for the actual cost of infrastructure in the high inflation environment that is currently being experienced. The drivers of inflation are having a particularly profound impact upon construction schemes. Risks could be further compounded in the event of an economic slowdown, which could delay the housing development required before Section 106 funding is paid.
169. 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.
170. The Council's financial position, both in relation to capital and revenue funds is grave. As the lowest funded county council in England, the Council has limited capacity to provide capital funding, or forward funding (recovered over a period of time) to support planned growth and therefore the focus must be on maximising developer contributions and delivery rather than the County Council filling viability gaps in highways infrastructure requirements.
171. The Capital Programme includes some of the infrastructure funding for 2, out of 7, district local plans. Without appropriate funding, infrastructure relating to further plans cannot be added to the programme. The limited financial resources available will need to be focused on schools, as they are the County Council's statutory responsibility, although this will need to be kept to a minimum. It is therefore critical that Local Plans are prepared with sufficient evidence to secure contributions and delivery for critical infrastructure.
172. Whilst this approach significantly reduces the financial risk faced by the County Council, in the shorter term, it does not remove it entirely. Until such time as Government policy reflects and addresses the challenges faced by local authorities in meeting housing needs whilst ensuring infrastructure is available and appropriate, district councils, as planning authorities are in the best position to manage the developer contribution risk. It is therefore necessary for the district councils to work with the County Council to ensure Local Plans include policies that balance the need to support delivery of growth without exposing the County Council to further financial risk. District councils also need to work with the County Council to direct more funding towards priority infrastructure
173. The expectation is that without new funding the County Council can only commit to constructing new infrastructure upon receipt of funds from developers. Whilst the County Council will always be mindful of its statutory duty to ensure that highway safety is not compromised, there could be adverse impacts of

development, such as congestion, if sufficient developer funding is not secured through the planning process.

Capital Grants

174. Grant funding for the capital programme totals £217m across the 2023-27 programme. The majority of grants are awarded by Government departments including the Department for Education (DfE) and the Department for Transport (DfT).

Children and Family Services

175. Capital grant funding for schools is provided by the DfE. The main grants are:

- 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 2023/24 £14.3m and 2024/25 £3.1m. No details have been announced for future years. An estimate of £2m has been used for 2025/26 to 2026/27.
- b) Strategic Capital Maintenance – this grant provides the maintenance funding for the maintained school asset base. Details of the grant for 2023/24 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) New (Free) School bid – the programme funding includes an £8m DfE grant to fund a new Social Emotional and Mental Health special school in 2024/25 required as part of the High Needs Development plan.

Adult Social Care

176. Capital funding for the Disabled Facilities Grant (DFG) programme has not yet been announced. An estimate in line with previous years, £4.4m per annum, has been included in the capital programme.

Environment and Transport

177. The DfT grants have not yet been announced and so estimates have been included, based on previous years. These include:

- a) Integrated Transport Block - £2.8m p.a. (£11.0m overall).
- b) Maintenance - £9.9m p.a. (£39.5m overall).

- c) Transport Infrastructure Investment Fund (inc. Pot Holes) - £7.9m p.a. (£31.6m overall).

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

- DfT North and East Melton Mowbray Distributor Road funding - £49.5m
- Housing Infrastructure Fund – Melton Mowbray Southern Distributor Road - £16.7m (total £18.2m including previous years).

Capital Receipts

179. The generation of capital receipts is a key priority for the County Council. The draft capital programme includes an estimate of £20.3m across the four years to 2026/27.

180. 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 prudent total of £3m of future estimated sales subject to planning permission has been included.

Revenue / Earmarked Funds/ Contributions

181. To supplement the capital resources available and avoid the need for borrowing £90m of revenue/ reserves funding is being used to fund the programme consisting of:

One-off MTFs 2023-27 revenue contributions	£6m
Departmental earmarked funds	£4m
Capital Financing earmarked fund	£80m
Total	£90m

182. The capital financing earmarked fund temporarily holds previous years' revenue contributions to fund the capital programme until they are required.

External Contributions and Earmarked Capital Funds

183. A total of £52m is included in the funding of the capital programme 2023-27. This relates to section 106 developer contributions, including an estimated £5.2m in section 106 receipts relating to forward funded capital schemes over the next four years.

Funding from Internal Balances

184. A total of £129m 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 £32m of this funding will be repaid through the associated developer contributions.

185. 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 external 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 over the medium to long term is forecast to exceed the cost of interest lost on cash balances by circa 1%.
186. The overall cost of using internal balances to fund £129m of investment is dependent on what happens to interest and borrowing rates over the medium to long term. Current forecasts show the cost of externally borrowing £129m would be around £8.5m per annum for the next 40 years, in interest and repayment of principal - minimum revenue provision (MRP). Internal borrowing would still require MRP setting aside but net interest savings could amount to £1.5m per annum. But because of the uncertainty on interest rates, this position will be kept under review as part of the treasury management strategy.
187. The County Council's current level of external debt is £262m. As described above this is not assumed to increase during the MTFS. The relative interest rates and cash balances will be kept under review to ensure that this is the right approach.

Capital Programme Summary by Department

188. Over the period of the MTFS, a capital programme of £509m is required of which £161m is planned for 2023/24. The main elements are:
- Children and Family Services - £104m. 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 - £21m. The programme includes £18m relating to the Disabled Facilities Grant (DFG) programme and schemes for the Social Care Investment Plan (SCIP).
 - Environment and Transport - £255m. This relates to: Major Schemes such as Melton Mowbray Distributor Road North/East and Southern Sections, Zouch Bridge replacement as well as the Transport Asset Management Programme and the Environment and Waste Programme. Other significant projects include Melton Depot replacement, vehicle replacement and advanced design.
 - Chief Executive's - £0.2m, for Legal - Case Management System.
 - Corporate Resources - £10m. This mainly relates to investment in ICT, Transformation, Property and Environmental Improvements.
 - Corporate Programme - £118m. Investment includes the Corporate Asset Investment Fund (CAIF), the Future Developments fund (subject to business cases), and Major Schemes Portfolio Risk.
189. Details of the proposed capital programme are shown in Appendix F to this report.

Corporate Asset Investment Fund

190. The Council directly owns and manages properties, including Industrial, Office and County Farms as part of the Corporate Asset Investment Fund (CAIF). The fund also includes financial investments outside of direct property ownership, for example private debt, and pooled property investments (the indirect investments provide diversification of the fund in line with the treasury management code). The fund is held for the purposes of supporting the delivery of various economic development objectives. The aims of the CAIF Strategy align with the five Strategic Outcomes set out in the Council's Strategic Plan (Strong economy, wellbeing and opportunity, keeping people safe, great communities and affordable and quality homes).
191. A total fund of £203m is forecast by the end of 2022/23, with additional investments of £57m included within the draft capital programme bringing the total held to £260m. Annual income returns are currently around £6.5m and are forecast to increase to £8m by the end of the MTFS period (and higher in later years), contributing ongoing net income for the Council.

Capital Summary

192. The capital programme totals £509m over the four years to 2026/27. 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 £31m (£37m cumulative).
193. 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 10% increase in the County's population between 2020 and 2030. It is assumed that section 106 and Government funding will be available at the necessary level.
194. Overall £129m from internal cash balances will be used to fund the cash flow of capital programme. As such there is very limited scope to add further capital schemes to the capital programme. The additional revenue costs arising from this total £7m per annum, on the basis of internal borrowing.
195. 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.
196. A significant portion of the programme enables revenue savings; delays or unsuccessful schemes will directly affect the revenue position.
197. 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.

Other Funding Issues

Freeport

198. The County Council is acting as Lead Authority in relation to the establishment and ongoing activity of the East Midlands Freeport (EMF). The final business case is expected to be approved imminently although tax site designation has been in place since the start of the financial year.
199. The County Council has provided up front funding to support business case development and wider set up costs. This is in the form of a loan capped at £2.5m. Capacity funding has also been received from DLUHC. By the end of the current financial year it is expected that around £1.9m of the £2.5m will have been drawn down with the remainder in 2023/24. This loan will begin to be paid back by the end of the next financial year from the Freeport's retained business rates income stream and it is expected to be fully repaid, with interest, within the 2025/26 financial year.

Equality and Human Rights Implications

200. Under the Equality Act 2010 local authorities are required 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.
201. Given the nature of the services provided, many aspects of the 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.
202. A high-level Equalities and Human Rights Impact assessment of the MTFS 2022-26 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.
203. This assessment will be revised and updated for the new MTFS 2023-27 and included in the proposed MTFS to the Cabinet in February 2023. 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.
204. 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 Council. The findings between April 2017 and September 2022 of the Leicestershire Community Insight Survey found that a significantly higher percentage of women, non-white British people, people with health problems, people with a disability, people with a sexual orientation other than heterosexual and people who receive care support responded that they had been affected a "fair amount" or a "great deal" by national and local public sector cuts.
205. 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.
206. If as a result of undertaking an assessment, potential negative impacts are identified, these will be subject to further assessment.
207. Any 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. Where there are potential Human Rights implications arising from the changes proposed, these will be subject to further assessment including consultation with the Council's Legal Services.

Crime and Disorder Implications

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

Environmental Implications

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

Partnership Working and Associated Issues

210. 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

211. 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 23 February 2022: Medium Term Financial Strategy 2022-26 - <https://bit.ly/3Wdxiwf>

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

Appendices

Appendix A: Four Year Revenue Budget 2023/24 to 2026/27
 Appendix B: 2023/24 Revenue Budget
 Appendix C: Savings 2023/24 to 2026/27
 Appendix D: Savings under Development
 Appendix E: Growth 2023/24 to 2026/27
 Appendix F: Capital Programme 2023/24 to 2026/27
 Appendix G: Budget Forum Report

2023/24 - 2026/27 REVENUE BUDGET *

	TOTAL 2022/23	Inflation/ Contingencies /Transfers	Growth	Savings	TOTAL 2023/24	Inflation/ Contingencies /Transfers	Growth	Savings	TOTAL 2024/25	Inflation/ Contingencies /Transfers	Growth	Savings	TOTAL 2025/26	Inflation/ Contingencies /Transfers	Growth	Savings	TOTAL 2026/27
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Spending																	
Services :																	
Children & Family Services	90,576	3,816	7,895	-1,515	100,772		6,680	-3,690	103,762		6,920	-3,725	106,957		7,055	-3,635	110,377
Adults & Communities	171,502	15,210	7,440	-7,270	186,882		4,720	-3,825	187,777		4,810	-300	192,287		4,830	-2,300	194,817
Public Health **	-1,446	0	0	-360	-1,806		0	-800	-2,606		0	-90	-2,696		0	0	-2,696
Environment & Transport	83,222	9,639	1,320	-825	93,356		1,925	-1,925	93,356		1,770	-1,035	94,091		2,110	-45	96,156
Chief Executives	12,875	2,963	-35	-895	14,908		0	-130	14,778		0	-5	14,773		0	0	14,773
Corporate Resources	34,304	3,144	35	-2,445	35,038		0	-660	34,378		0	-1,930	32,448		0	-660	31,788
	391,034	34,772	16,655	-13,310	429,151	0	13,325	-11,030	431,446	0	13,500	-7,085	437,861	0	13,995	-6,640	445,216
DSG (Central Dept recharges)	-2,285	0	0	0	-2,285				-2,285				-2,285				-2,285
Other corporate growth & savings	0	0	0	0	0		4,175	0	4,175		4,000	0	8,175		3,505	0	11,680
Fair Cost of Care / Adult Social Care Reforms	0	4,600	0	0	4,600	0			4,600	5,200			9,800	11,600			21,400
MTFS Risks Contingency	8,000	2,000	0	0	10,000				10,000	-2,000			8,000				8,000
Contingency for inflation/ Living Wage	28,778	13,417	0	0	42,195	24,825			67,020	20,850			87,870	21,750			109,620
	425,527	54,789	16,655	-13,310	483,661	24,825	17,500	-11,030	514,956	24,050	17,500	-7,085	549,421	33,350	17,500	-6,640	593,631
Central Items:																	
Financing of capital	19,500	0			19,500	0			19,500	500			20,000	1,500			21,500
Revenue funding of capital	2,500	-1,000			1,500	0			1,500	0			1,500	0			1,500
Bank & other interest	-1,400	-12,200			-13,600	4,800			-8,800	4,800			-4,000	2,600			-1,400
Central expenditure	2,299	87	170	-20	2,536	0		-80	2,456	0		0	2,456	0		0	2,456
Total Services & Central Items	448,426	41,676	16,825	-13,330	493,597	29,625	17,500	-11,110	529,612	29,350	17,500	-7,085	569,377	37,450	17,500	-6,640	617,687
Contributions to budget equalisation earmarked fund	22,290				9,400				6,900				7,300				8,100
Contributions to/from General Fund	1,000				1,000				1,000				1,000				1,000
Total Spending	471,716				503,997				537,512				577,677				626,787
Funding																	
Revenue Support Grant (new burdens)	-10				-10				-10				-10				-10
Business Rates - Top Up	-40,346				-41,960				-42,070				-39,340				-36,340
Business Rates Baseline/Retained	-25,528				-26,550				-28,510				-21,690				-21,690
S31 grants - Business Rates	-8,590				-12,090				-12,980				-13,060				-13,060
Council Tax Precept	-351,626				-371,940				-382,190				-395,640				-409,570
Council Tax Collection Fund net deficit / (surplus)	-3,569				-1,000				0				0				0
New Homes Bonus Grant	-2,096				-1,200				-800				0				0
Improved Better Care Grant etc.	-14,190				-14,592				-14,592				-14,592				-14,592
Social Care Grant	-19,866				-31,475				-36,575				-36,575				-36,575
New Adult Social Care Grant from 2023/24	0				0				0				0				0
Services Grant 2022/23 (one-off)	-4,265				-1,500				-1,500				-1,500				-1,500
Market Sustainability and Fair Cost of Care Fund	-1,630				-1,680				-1,680				-1,680				-1,680
Total Funding	-471,716				-503,997				-520,907				-524,087				-535,017
VARIANCE	0				0				16,605				53,590				91,770
<i>Band D Council Tax</i>	£1,452.96				£1,525.46				£1,555.82				£1,586.78				£1,618.36
<i>Increase</i>	2.99%				4.99%				1.99%				1.99%				1.99%

* provisional for 2024/25 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**2023/24 REVENUE BUDGET**

	Base including inflation £000	Growth £000	Savings £000	TOTAL 2023/24 £000
<u>Spending</u>				
Services :				
Schools *				0
Children & Family Services	94,392	7,895	-1,515	100,772
Adults & Communities	186,712	7,440	-7,270	186,882
Public Health **	-1,446	0	-360	-1,806
Environment & Transport	92,861	1,320	-825	93,356
Chief Executives	15,838	-35	-895	14,908
Corporate Resources	37,448	35	-2,445	35,038
	<u>425,806</u>	<u>16,655</u>	<u>-13,310</u>	<u>429,151</u>
DSG (Central Dept recharges)	-2,285			-2,285
Other corporate growth & savings	0	0	0	0
Fair Cost of Care / Adult Social Care Reforms	4,600			4,600
MTFS Risks Contingency	10,000			10,000
Contingency for inflation/ Living Wage	42,195			42,195
	<u>480,316</u>	<u>16,655</u>	<u>-13,310</u>	<u>483,661</u>
Central Items:				
Financing of capital	19,500			19,500
Revenue funding of capital	1,500			1,500
Bank & other interest	-13,600			-13,600
Central expenditure	2,386	170	-20	2,536
Total Central Items	<u>9,786</u>	<u>170</u>	<u>-20</u>	<u>9,936</u>
Total Services & Central Items	<u>490,102</u>	<u>16,825</u>	<u>-13,330</u>	<u>493,597</u>
Contributions to budget equalisation earmarked fund				9,400
Contributions to General Fund				1,000
Total Spending				<u>503,997</u>
<u>Funding</u>				
Revenue Support Grant (new burdens)				-10
Business Rates - Top Up				-41,960
Business Rates Baseline/Retained				-26,550
S31 grants - Business Rates				-12,090
Council Tax Precept				-371,940
Council Tax Collection Fund net deficit / (surplus)				-1,000
New Homes Bonus Grant				-1,200
Improved Better Care Grant etc.				-14,592
Social Care Grant				-31,475
Services Grant				-1,500
Market Sustainability and Fair Cost of Care Fund				-1,680
Total Funding				<u>-503,997</u>
VARIANCE				<u>0</u>
<i>Band D Council Tax Increase</i>				<i>£1,525.46 4.99%</i>

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

** Public Health funded by Grant

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APPENDIX C

References			<u>SAVINGS</u>	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
<u>References used in the following tables</u>							
* 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							
<u>CHILDREN & FAMILY SERVICES</u>							
**	CF1	Eff	Pathways workstream - Focus on prevention, drift and duration of interventions across all pathways	-215	-280	-395	-450
**	CF2	Eff	Settings workstream - Reduced care placement costs through growth of in-house capacity & supported lodgings and a review of placements	-900	-2,670	-4,490	-6,470
**	CF3	Eff	Disabled Children's Service Enablement Workstream	-100	-150	-200	-250
<i>Total Defining CFS For the Future Programme</i>				-1,215	-3,100	-5,085	-7,170
**	CF4	Eff	Innovation Partnership - Creation of Assessment & Resource team and Hub and investment in residential accommodation	-250	-500	-1,000	-1,250
**	CF5	Eff	Departmental efficiency savings	0	-200	-500	-800
	CF6	Eff	Departmental establishment modelling / Re-design	0	0	-440	-940
	CF7	Eff	Defining CFS For the Future Programme - Phase 2	0	-1,000	-1,500	-2,000
	CF8	Eff	Alternative approach for delivering anti-bullying	-50	-50	-50	-50
	CF9	SR	Review Virtual School provision	0	-355	-355	-355
TOTAL				-1,515	-5,205	-8,930	-12,565
<u>ADULTS & COMMUNITIES</u>							
<u>Adult Social Care</u>							
**	AC1	Inc	Increased income from fairer charging and removal of subsidy / aligning increases	-100	-200	-300	-400
*	AC2	Eff	Implementation of Target Operating Model (TOM)	-500	-500	-500	-500
**	AC3	Eff	Implementation of digital assistive technology to service users	-650	-1,900	-1,900	-3,900
**	AC4	Eff	Establishment Review following implementation of TOM programme	-350	-850	-850	-850
**	AC5	Eff	Review of Mental Health pathway and placements	-250	-250	-250	-450
*	AC6	Eff	Review of placements transitioning from Children's	-60	-120	-120	-120
*	AC7	Eff	Review of Direct Services/Day Services/Short Breaks	-430	-430	-430	-430
**	AC8	Inc	Increased BCF income from annual uplift	-500	-500	-500	-500
	AC9	Eff	Direct Payments commissioning efficiencies	-1,000	-1,500	-1,500	-1,500
	AC10	Eff	Commissioning and implementation of revised Extra Care model	-260	-260	-260	-260
	AC11	Eff	Improved systems, ways of working and cost of recovery efficiencies	-210	-210	-210	-210
	AC12	Inc	Review of Mental Health Section 117 funding arrangements	-250	-500	-500	-500
	AC13	Eff	Home Care - review of single handed care and Care packages	-1,400	-1,400	-1,400	-1,400
	AC14	Eff	Reduce demand for new and review of 1 to 1 support in residential care and supported living	-600	-600	-600	-600
	AC15	Eff	Improve consistency in hourly rates for DP's and promote use of personal assistants	-150	-350	-510	-510
	AC16	Eff	Improving outcomes from homecare assessment and reablement team (HART) / community response service (CRS)	-230	-920	-920	-920
	AC17	Eff	Alignment of HART/CRS services	-150	-200	-200	-200
	AC18	Eff	Reprovision of in house day services	-150	-300	-300	-300
Total ASC				-7,240	-10,990	-11,250	-13,550
<u>Communities and Wellbeing</u>							
**	AC19	Eff/SR	Implementation of revised service for communities and wellbeing	0	0	-40	-40
	AC20	SR	Review Green Plaque service	-30	-55	-55	-55
	AC21	Inc/Eff	Review charging for Creative Learning Services	0	-50	-50	-50
Total C&W				-30	-105	-145	-145
TOTAL A&C				-7,270	-11,095	-11,395	-13,695
<u>PUBLIC HEALTH</u>							
*	PH1	Eff/SR	Redesign of integrated lifestyle service pathways	0	-100	-100	-100
*	PH2	Eff/SR	Review of Commissioned services	0	0	-90	-90
	PH3	Eff	Redesign of the payment structure for health check commissioned service	-100	-100	-100	-100
	PH4	SR	Integrated Care Board (ICB) Prescribing	-100	-100	-100	-100
	PH5	SR	Internal Infrastructure (physical activity)	0	-100	-100	-100
	PH6	Eff	Redesign and commission of community based service data extract	-30	-30	-30	-30
	PH7	Eff	Review of various health improvement budgets	-130	-130	-130	-130
	PH8	Eff/SR	Review approach to homelessness support	0	-300	-300	-300
	PH9	SR	Review schools sustainable food award and gold food accreditation.	0	-150	-150	-150
	PH10	SR	Review Sport & Physical Activity programmes	0	-150	-150	-150
TOTAL				-360	-1,160	-1,250	-1,250

References			<u>SAVINGS</u>	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
			<u>ENVIRONMENT & TRANSPORT</u>				
			<u>Highways & Transport</u>				
*	ET1	Eff/Inc	Street Lighting - design services to developers and installation of street lighting on their behalf	-25	-35	-35	-35
**	ET2	Eff/Inc	E&T Continuous Improvement Programme - review of processes and potential income across a range of services	180	180	180	180
**	ET3	Eff	SEN Transport Lean Review	710	0	-350	-350
*	ET4	Eff	Passenger Transport Service - develop digital offer	0	-150	-150	-150
	ET5	Eff	Street Lighting - dimming to lower lighting levels	-45	-45	-45	-45
	ET6	SR	Review application of subsidised bus policy, post Covid	0	-200	-200	-200
	ET7	Inc/SR	Review approach to Park and Ride	-100	-400	-500	-500
	ET8	Eff	Review level of resource supporting High Speed 2	-120	-120	-120	-120
	ET9	SR	Review expansion of community speed cameras	-55	-55	-55	-55
	ET10	Eff/SR	Street Lighting - review energy reduction options, including reduced operation times	-150	-500	-500	-500
			Total	395	-1,325	-1,775	-1,775
			<u>Environment & Waste</u>				
**	ET2	Eff/Inc	E&T Continuous Improvement Programme - review of processes and potential income across a range of services	50	40	40	40
*	ET11	Eff/Inc	Recycling & Household Waste Sites (RHWS) service approach	-50	-50	-160	-160
**	ET12	Inc	Trade Waste income	-45	-90	-135	-180
*	ET13	Eff	Future residual waste strategy- reduced disposal costs	-985	-985	-985	-985
	ET14	Eff	Green Waste Treatment	-90	-90	-90	-90
	ET15	Eff	Reduce recycling/reuse credits budget	-10	-10	-10	-10
	ET16	Eff	General reduction in waste initiative provision	-25	-25	-25	-25
	ET17	SR	Review RHWS provision	0	-150	-580	-580
	ET18	SR	Reduction in Waste Reduction subsidies	-25	-25	-25	-25
	ET19	SR	Review of Shire Grants programme	-40	-40	-40	-40
			Total	-1,220	-1,425	-2,010	-2,055
			TOTAL E&T	-825	-2,750	-3,785	-3,830
			<u>CHIEF EXECUTIVE</u>				
*	CE1	SR/Eff	Staffing (vacancy control and agency reduction)	-50	-100	-100	-100
**	CE2	Inc	Planning, Historic and Natural Environment - fee income	-35	-60	-60	-60
**	CE3	Eff	Review of Legal Case Management and New Ways of Working	-200	-200	-200	-200
	CE4	Inc	Democratic Services income	-15	-20	-25	-25
	CE5	Eff	Heritage Team structure review	-20	-20	-20	-20
	CE6	Inc	Trading Standards charging review	-25	-25	-25	-25
	CE7	SR	Review of Shire Grants programme	-550	-600	-600	-600
			TOTAL	-895	-1,025	-1,030	-1,030
			<u>CORPORATE RESOURCES</u>				
*	CR1	Eff	Ways of Working - Use of office space	-600	-670	-1,380	-1,380
**	CR2	Eff/Inc	Increasing Commercial Services contribution	0	0	-195	-355
**	CR3	Eff	Increase returns from Corporate Asset Investment Fund	-1,150	-1,250	-1,250	-1,250
*	CR4	Inc	Place to Live - Accommodation income	-40	-80	-80	-80
**	CR5	Eff	Customer & Digital Programme	0	-110	-640	-640
**	CR6	Eff	Operational Finance process improvement	-100	-150	-200	-200
**	CR7	Eff	Transformation Unit efficiencies	-80	-80	-150	-150
	CR8	SR	Sale of Castle House	-15	-30	-30	-30
	CR9	Eff	Energy Initiatives	0	-100	-100	-100
	CR10	Eff	Insurance review	-100	-100	-100	-100
	CR11	Eff	ICT Efficiencies	-100	-250	-625	-1,125
	CR12	Eff	Operational Property	-90	-90	-90	-90
	CR13	Eff	Strategic Property	-45	-45	-45	-45
	CR14	Eff/SR	Customer Service Centre	-100	-100	-100	-100
	CR15	SR/Eff	Reduce County Hall running costs	-25	-50	-50	-50
			TOTAL	-2,445	-3,105	-5,035	-5,695
			<u>CENTRAL ITEMS</u>				
**	CI1	Inc	Growth in ESPO income	-20	-100	-100	-100
			TOTAL SAVINGS including additional income	-13,330	-24,440	-31,525	-38,165
			MTFS net shortfall - savings required	0	-16,605	-53,590	-91,770
			TOTAL SAVINGS REQUIRED - EXCLUDING DSG	-13,330	-41,045	-85,115	-129,935
			<u>Dedicated Schools Grant - Deficit reduction activity</u>				
			<u>High Needs Development Plan</u>				
			Transforming SEND & Inclusion In Leicestershire (TSIL) defined opportunities	-3,110	-8,595	-14,860	-21,520
			Benefit of local provision & practice improvements	-2,515	-2,805	-3,115	-3,115
				-5,625	-11,400	-17,975	-24,635
			TOTAL SAVINGS REQUIRED - INCLUDING DSG	-18,955	-52,445	-103,090	-154,570

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.

Children and Family Services

Alongside the delivery of Defining Children and Family Services for the Future Phase 2 additional opportunities will be explored and worked into future savings opportunities including:

- School Admissions – opportunity to avoid growth and maximise Traded Service income.
- School Attendance reporting – a new burden resulting from a change in legislation. Mitigate need for growth to accommodate
- Review of staffing structures to look at potential efficiencies/savings.
- Creating an agency – reduce spend on agency staff and mitigate future increases in fees by creating our own Social Work Agency
- Centralising of budgets and reinforcement of spend controls for discretionary funds.
- Review of growth following the defining for the future phase 1 programme.

Adults and Communities**3 Conversations Model**

The 3 Conversations approach recognises that people and their families are the experts in their own lives and by listening to them it could be possible to develop a different approach to meeting their needs; utilising resources and skills, building upon their strengths, connecting them to the right people, communities, organisations to make their lives better. This approach has now been used in more than 40 local authorities in England and a number of Health and Social Care partnerships in Scotland.

A 12-month pilot supported by Partners4Change to develop and test the 3 Conversations Model in a number of innovation sites across different areas of the Care Pathway. These innovation sites will develop new ways of working and the results will be collated and analysed to inform a business case for the full roll-out of the 3 Conversations Model across the whole of the Care Pathway.

Review of Pathway 1 and Reablement with ICB

Developing and delivering an intake model for all new packages of care. Better use of capacity in framework provision. Reduces some review demand in Home First teams and Operational Commissioning teams. Aligns with work being undertaken by Newton Europe and Local Government Association in terms of discharge processes.

Digitalisation of service delivery

Digitalisation of service delivery. Areas being developed include:

- Automation and digitisation of processes - Consideration is being given to areas of manual processing that could be digitised to increase efficiency. Examples include the use of robotic process automation to automate low value, repetitive administrative tasks.
- Introduction of electronic signatures of documents is estimated to reduce processing time from three weeks to four days for Direct Payment Agreements (DPA) and three months to one week for Individual Placement Agreements (IPA).
- Systems integration - The integration of the LLR Care Record with social care case management system will enable efficiencies for staff to self-serve information from other stakeholders without having to waste time telephoning around. The provision of Council data to partners will also provide reciprocal benefits to them.
- Improving online offer to promote customer self-service - Encouraging people to use on-line assessments will improve turnaround time for people to be assessed and reduce the amount of administration and costs associated with handling post.

Public Health

Service Efficiencies

A review of the costs of each interaction with service users to see what opportunities there are to provide services more efficiently whilst still delivering desired outcomes.

Commercialisation of elements of the school offer

Selling some of the current PH services to schools and workplaces around a suite of products including training and MOT style health checks for employees.

Environment & Transport

SEN Transport Lean Review – Fleet Transport

This involves looking at the scope for service users to be transferred from high-cost taxi contracts onto the Council's own fleet. Also introducing a comprehensive marketing / communications approach to voluntary PTBs to increase take-up further.

Developer Shop

Create a One Stop Shop for developers. Work proposed to investigate a commercial model for engaging with developers across the Department, creating a one stop shop to maximise the income potential. Currently there are a number of approaches and/or touch points with developers in different teams. There are examples of other authorities that have a single approach to developer engagement that delivers and maximises income from the various activities included.

Fees & Charges

A review is being conducted of all fees and charges across 50 services (such as disabled bays, H-bars, road works permitting and penalties and other licences the Council charge

for) to ensure that fees and charges are reflective of the full costs incurred by the Authority.

Lane Rental

Lane Rental is a concept where a local authority can charge commercial firms for works on 'major' parts of the highways network. The aim of Lane Rental is to minimise the amount of time part of the major network is unavailable and ensure that the network is available as soon as possible. The experience of other local authorities suggests that this scheme could generate income although it needs to be considered in the context of the permitting charging currently in place.

New Vehicle Hire Contract (HGV's)

Secure increased cost-effectiveness by implementing one single hire contract across the fleet to deliver economies of scale and better value for money.

Other options being explored

Generating further income

The scope for generating further income on a range of activity such as:

- Travel planning
- Sign Shop
- DEW income from young driver market
- Selling design services to neighbouring authorities
- Traffic counts
- Street lighting design
- Traded income from electric vehicle workshop

Improved Commissioning

The potential for savings arising from outsourcing vehicle access construction.

Passenger Transport

A range of measures around passenger transport including:

- Cheaper provision for high-cost taxis
- Increase PTBs
- Improved efficiency in Home to School transport
- Removal of manual processes within passenger fleet
- New commissioning and procurement opportunities
- Route optimisation to reduce number of single taxi journeys
- Enhance fleet / alternative fleet opportunities
- In-year review of contracts (including Social Care contracts)
- Improved and consistent decision making (including a review of policy and application of policy through eligibility and risk assessment processes)
- System improvements (including system replacement, reporting, automation)

Highways Efficiencies

The scope to generate efficiencies from the overall strategy for vehicle usage through making better use of improved workshop data.

Conversion to Electric Vehicles

This would be the move away from internal combustion engine vehicles to Electric Vehicles as part of the carbon reduction measures required to deliver carbon neutrality.

Future Waste Transfer Station (WTS) and Trade Waste Commercial Work

The Council operates a WTS at Loughborough. With the insourcing of Whetstone RHWS and WTS, and the construction of Bardon WTS, there is an opportunity to look at maximising these assets in terms of opportunities for income generation.

Impact of DEFRA Resources & Waste Strategy

Three major consultations on statutory reforms that will impact on the Authority's existing operations and arrangements were undertaken during 2021 that could lead to savings, primarily via reduced waste disposal costs:

1. Extended Producer Responsibility (EPR) (to be launched 2024): making producers pay the full net cost of managing the packaging they place on the market, setting more ambitious targets for producers and introducing clear and consistent labelling for recycling.
2. Deposit Return Scheme (DRS) (to be launched late 2024): charging consumers a deposit on most drinks containers redeemable on return to designated return points.
3. Consistency in household and business recycling collections: effective through a standardised core set of dry recyclable materials for collection; separate weekly food waste collections and free green waste collection. Underpinning this will be an increase in recycling rates to encourage more recycling.

Chief Executive's

Increasing income generation

Increase income generation from partners and other bodies by leveraging increases in existing charges and exploring further support provision.

Departmental reviews of structure and functions

Undertake a full review of various services within the department, and revisit existing structure, functions and funding sources to identify wider opportunities.

Process and service efficiencies

Undertake a detailed review of areas where there is high volume of standardised work to consider if there are efficiencies that can be achieved through streamlining processes or greater digitalisation. This work will link in with emerging corporate programmes around customer and automation to support departmental and corporate savings.

Trading Standards

Trading Standards service review of the approach to undertaking duties and the interpretation of statutory requirements.

Corporate Resources

Department Structure and review of services

Corporate Resources consists of a large number of functions split under three assistant directors. All services in general focus on organisational compliance and/or provide support to the wider authority across a variety of functions and so it is important to ensure the right teams, structure, function and skills are in place.

Technology and Hardware Costs

Over the last three years the council's eco-system of IT tools and infrastructure has matured. Service delivery has also evolved post-pandemic and in some cases has moved away from remote/virtual delivery to face-to-face, seeing the systems and technology once previously used pre and during the COVID-19 pandemic, no longer being a core requirement to deliver services. This brings the potential to reduce our internal costs from revisiting staff's technology and licence costs for the tools and software they are using – ensuring this meets organisational need in the most cost-effective way.

Country Parks and Cafes

Work is underway to explore additional commercial opportunities and improve profitability of our country parks and cafes. Opportunities to generate further revenue includes parking and development of a pay to play adventure play facility at land leased from the estate at Bosworth Battlefield.

People Hub

The aiming is for a new approach to streamline the process and will provide opportunities for increased efficiencies across the County Council.

Asset Challenge

A review is planned on the management, planning and use of the County Council's property assets. The aims of this review are to:

- Align asset management planning with the corporate and service delivery needs having regard to financial and resource planning.
- Identify the future property and asset management requirements necessary to deliver service priorities.
- Set out a programme of strategic reviews and initiatives together with an asset management delivery plan.

Council Wide

Corporate Review

Corporate review across all departments to identify areas to reduce duplication; including the following areas:

- Preventative and early intervention services
- Business support
- Communities

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APPENDIX E

References			2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
<u>CHILDREN & FAMILY SERVICES</u>						
Demand & cost increases						
**	G1	Demographic growth- Social Care Placements	5,100	10,770	16,600	22,730
**	G2	Front-line social care staff - increased caseloads	995	1,350	1,710	1,830
	G3	Social care staff - workforce pressures / instability	1,350	2,005	2,735	3,540
	G4	Increase in EHCP's - additional Case Managers	450	450	450	450
TOTAL			7,895	14,575	21,495	28,550
<u>ADULTS & COMMUNITIES</u>						
Demand & cost increases						
**	G5	Older people - new entrants and increasing needs in community based services and residential admissions	5,910	8,560	11,120	13,715
**	G6	Learning Disabilities - new entrants including children transitions and people with complex needs	335	1,465	2,860	4,255
**	G7	Mental Health - new entrants in community based services and residential admissions	870	1,485	2,080	2,675
**	G8	Physical Disabilities - new entrants in community based services	325	650	910	1,155
TOTAL			7,440	12,160	16,970	21,800
<u>ENVIRONMENT & TRANSPORT</u>						
<u>Highways & Transport</u>						
Demand & cost increases						
**	G9	Special Educational Needs transport - increased client numbers/costs	1,310	3,150	4,960	7,070
Total			1,310	3,150	4,960	7,070
<u>Environment & Waste</u>						
Demand & cost increases						
*	G10	Contribution to Regional Waste Project (temporary growth removed)	-15	-50	-50	-50
	G11	Confirm replacement - licensing costs	25	65	135	135
	G12	STADs replacement - licensing costs	0	80	80	80
Total			10	95	165	165
<u>Department Wide</u>						
*	G13	HGV Driver Market Premia (temporary growth removed)	0	0	-110	-110
Total			0	0	-110	-110
TOTAL E&T			1,320	3,245	5,015	7,125
<u>CHIEF EXECUTIVES</u>						
Demand & cost increases						
**	G14	Connectivity (Broadband) Team - core funding until 2023/24; sources of external funding to be explored	-35	-35	-35	-35
TOTAL			-35	-35	-35	-35
<u>CORPORATE RESOURCES</u>						
Demand & cost increases						
*	G15	Customer Service Centre - support service levels (temporary growth removed)	-100	-100	-100	-100
*	G16	Health, safety & wellbeing - increased demands and legislative changes to fire safety regulations	25	25	25	25
*	G17	Communications Team - increased demand	70	70	70	70
	G18	Lone Working app	40	40	40	40
TOTAL			35	35	35	35
<u>CENTRAL ITEMS</u>						
	G19	Financial Arrangements - increased external audit fees	170	170	170	170
			170	170	170	170
<u>CORPORATE GROWTH</u>						
**	G20	Growth contingency	0	4,175	8,175	11,680
Growth contingency			0	4,175	8,175	11,680
TOTAL GROWTH			16,825	34,325	51,825	69,325
<i>Overall net additional growth</i>				<i>17,500</i>	<i>17,500</i>	<i>17,500</i>

* items unchanged from previous Medium Term Financial Strategy

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

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CHILDREN & FAMILY SERVICES - CAPITAL PROGRAMME 2023-27

Estimated Completion Date	Gross Cost of Project £000		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Mar-27	65,831	<u>MAIN GRANT FUNDED PROGRAMME</u>					0
		Provision of Additional School Places	30,243	16,393	12,688	6,507	65,831
Mar-25	8,000	SEND Programme					
Mar-26	18,472	SEMH Special School - Free School	0	8,000			8,000
		Expansion of Special Schools	9,572	7,650	1,250		18,472
		Sub-total - SEND Programme	9,572	15,650	1,250	0	26,472
Mar-27	8,000	Strategic Capital Maintenance	2,000	2,000	2,000	2,000	8,000
Mar-27	2,000	Schools Devolved Formula Capital	500	500	500	500	2,000
Mar-25	400	Schools Access / Security	200	200			400
Mar-24	5,500	Children's Residential Homes	1,502				1,502
		Other Capital	4,202	2,700	2,500	2,500	11,902
		Overall Total	44,017	34,743	16,438	9,007	104,205

		<u>Future Developments - subject to further detail and approved business cases</u>					
		Additional School Infrastructure arising from Housing Developments					

ADULTS & COMMUNITIES - CAPITAL PROGRAMME 2023-27

Estimated Completion Date	Gross Cost of Project £000		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Mar-27	17,788	Disabled Facilities Grant (DFG)	4,447	4,447	4,447	4,447	17,788
			4,447	4,447	4,447	4,447	17,788
Mar-25	10,000	<u>Social Care Investment Plan (SCIP):</u>					
		SCIP - Additional Schemes to be confirmed - balance	1,560	940	955		3,455
		Sub-Total SCIP	1,560	940	955	0	3,455
		Total A&C	6,007	5,387	5,402	4,447	21,243

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

ENVIRONMENT & TRANSPORT - CAPITAL PROGRAMME 2023-27

Estimated Completion Date	Gross Cost of Project £000		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
		<u>Major Schemes</u>					
Mar-26	116,110	Melton Distributor Road - North and East Sections (Subject to Cabinet Approval)	49,417	41,427	9,322		100,166
Mar-26	37,500	Melton Distributor Road - Southern Section (Subject to Cabinet Approval)	5,803	23,446	4,663		33,912
Mar-25	12,430	Zouch Bridge Replacement - Construction and Enabling Works (Subject to funding bid)	5,427	4,933			10,360
Mar-27	13,164	County Council Vehicle Replacement Programme	3,501	3,196	3,357	3,110	13,164
Mar-27	12,203	Advance Design / Match Funding	3,108	3,021	3,582	2,493	12,204
Mar-24	5,430	A511/A50 Major Road Network - Advanced design (S106)	2,429				2,429
Mar-26	9,960	Melton Depot - Replacement	648	2,127	6,968		9,743
Mar-25	2,230	Leicester and Leicestershire Integrated Transport Model - Refresh	1,250	450			1,700
			71,583	78,600	27,892	5,603	183,678
Mar-27	44,269	<u>Transport Asset Management</u>	0	14,531	13,127	16,611	44,269
Mar-24	2,656	Capital Schemes and Design	2,656				2,656
Mar-24	1,084	Bridges	1,084				1,084
Mar-24	305	Flood Alleviation- Environmental works	305				305
Mar-24	1,456	Street Lighting	1,456				1,456
Mar-24	438	Traffic Signal Renewal	438				438
Mar-24	4,075	Preventative Maintenance - (Surface Dressing)	4,075				4,075
Mar-24	9,066	Restorative (Patching)	9,066				9,066
Mar-24	21	Public rights of way maintenance	21				21
Mar-24	159	Network Performance & Reliability	75	28	28	28	159
Mar-27	450	Plant renewals	100	150	100	100	450
Mar-24	701	Property Flood Risk Alleviation	701				701
Mar-25	5,830	Hinckley Hub (Hawley Road) - National Productivity Investment Fund	351	300			651
Mar-27	1,866	Safety Schemes	516	250	250	250	1,266
Mar-25	770	Highways Depot Improvements - subject to business case	370	400			770
Mar-24	267	Externally Funded Schemes	267				267
			21,481	15,659	13,505	16,989	67,634
		<u>Environment & Waste</u>					
Mar-24	8,600	Waste Transfer Station Development (Commitments b/f)	569				569
Mar-27	3,510	Recycling Household Waste Sites - General Improvements	232	1,160	250	250	1,892
Mar-25	360	Recycling Household Waste Sites - Lighting	91	195			286
Mar-24	540	Mobile Plant	150				150
Mar-24	650	Ashby Canal Reed Bed	650				650
Mar-27	580	Ashby Canal	40	40	40	40	160
			1,732	1,395	290	290	3,707
		Total E&T	94,796	95,654	41,687	22,882	255,019

ENVIRONMENT & TRANSPORT - CAPITAL PROGRAMME 2023-27 (continued)

		<u>Future Developments - subject to further detail and approved business cases</u> New Melton RHWS Additional bid development/match funding Windrow Composting Facility Compaction equipment Green vehicle fleet (update/ strategy needed) DIY Waste Equipment					
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CHIEF EXECUTIVES - CAPITAL PROGRAMME 2023-27

Estimated Completion Date	Gross Cost of Project £000		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Mar-25	200	Legal - Case Management System - subject to business case	100	100			200 0
		Total Chief Executives	100	100	0	0	200
		<u>Future Developments - subject to further detail and approved business cases</u>					
		Legal - Commons and Village Green Register					

CORPORATE RESOURCES - CAPITAL PROGRAMME 2023-27

Estimated Completion Date	Gross Cost of Project £000		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
		<u>ICT</u>					
Mar-26	900	Network Equipment	0	100	600		700
Mar-26	240	Replacement of IT Service Management toolset and User Portal	0	0	240		240
Mar-26	100	Remote Access Refresh	0	0	50		50
Mar-26	1,700	Hyper-Converged Infrastructure (HCI) Refresh/re-license	0	0	1,500		1,500
Mar-24	150	Wireless Access Points	150				150
Mar-27	80	Solaris Hardware Refresh	0	0	0	60	60
							0
		Sub total ICT	150	100	2,390	60	2,700
		<u>Transformation Unit - Ways of Working</u>					
Mar-24	1,630	Workplace Strategy - Office Infrastructure	250				250
Mar-27	10,130	Workplace Strategy - End User Device (PC, laptop)	1,169	862	1,293	1,530	4,854
Mar-25	2,000	Workplace Strategy - property costs, dilapidations and refurbishments	210	400			610
		Sub total Transformation Unit	1,629	1,262	1,293	1,530	5,714
		<u>Property Services</u>					
Mar-24	440	County Hall Lift Replacement Scheme	176				176
Mar-24	50	Bosworth Battlefield Car Park Resurface	45				45
Mar-24	50	County Hall Sewage Replacement	50				50
Mar-24	160	Library Replacement windows	155				155
Mar-24	110	Tree Planting Programme	47				47
							0
		Sub total Property Services	473	0	0	0	473
		<u>Climate Change - Environmental Improvements</u>					
Mar-24	380	Electric Vehicle Car Charge Points	90				90
Mar-24	4,290	LCC Public Sector Decarbonisation Scheme	325				325
Mar-27	400	Energy initiatives	100	100	100	100	400
							0
		Sub total Energy	515	100	100	100	815
		Total Corporate Resources	2,767	1,462	3,783	1,690	9,702

CORPORATE RESOURCES - CAPITAL PROGRAMME 2023-27 (continued)

		<u>Future Developments - subject to further detail and approved business cases</u> Major System Replacements, IAS, Mosaic, Capita One, STADS, PAMS, s106 system ICT Future Development - continual refresh of infrastructure <u>Strategic Property Future Developments</u> Snibston Ancient Monument - (SAM) County Hall MUGA surface replacement Country Parks Future Developments, including cafes, play areas and car parking Green energy and insulation initiatives					
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CORPORATE - CAPITAL PROGRAMME 2023-27

Estimated Completion Date	Gross Cost of Project £000		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
		<u>Corporate Asset Investment Fund (CAIF)</u>					
Mar-25	8,400	Airfield Business Park - Phase 3-4	4,200	4,200			8,400
Mar-24	10,000	Quorn Solar Farm	6,249				6,249
Mar-25	2,750	M69 Junction 2 - SDA	0	170			170
Mar-24	2,900	Lutterworth Leaders Farm - Drive Thru Restaurants	262				262
Mar-25	5,000	Lutterworth East - Planning and Pre-Highway construction Works	2,100	1,500			3,600
Mar-27	37,000	New Investments - subject to Business Case	0	10,000	10,000	17,000	37,000
Mar-27	1,000	County Farms Estate - General Improvements	250	250	250	250	1,000
Mar-27	1,000	Industrial Properties Estate - General Improvements	250	250	250	250	1,000
							0
		Sub total CAIF	13,311	16,370	10,500	17,500	57,681
		<u>Future Developments</u>					
		Future service projects - subject to business cases	0	10,000	15,000	15,000	40,000
		Capital Programme Portfolio Risk	0	600	10,000	10,000	20,600
		Sub total Future Developments	0	10,600	25,000	25,000	60,600
		Total Corporate Programme	13,311	26,970	35,500	42,500	118,281

		<u>Future Developments - subject to further detail and approved business cases</u>					
		Sustainability / Invest to Save Schemes					

Leicestershire County Council Budget Consultation Feedback

Report
October 2022

Background

In June 2022, a report to Leicestershire County Council's (LCC) Cabinet noted that the Council's budget is set to be profoundly impacted by inflation and other pressures over the next few years. Since the report was written, further emerging pressures suggest that these gaps will widen even further.

Throughout summer and autumn 2022, work will be undertaken by the Council to identify options for new savings proposals. The details of the changes that the Council will be required to meet to balance the budget will unfold over the years ahead. In the meantime, the Council is keen to engage local participants over the next 6 months on the financial challenges ahead and the service changes needed to meet these.

To complement this, the Council commissioned M·E·L Research to deliver an online qualitative community with a sample of participants. The online community sought to bring a cross section of participants together, setting them questions and tasks to complete to gather insight that met key objectives set by the Council.



Executive summary

Awareness

At present, participants appear to lack awareness over the ‘frightening’ financial situation facing LCC. Increased and clearer communication may be needed to ensure residents across the county are informed about this. In particular, communication should focus on LCC’s position as the lowest funded council in the UK, as this message resonated most strongly among participants in this research.

Service prioritisation

Services for vulnerable groups, such as children, the elderly and those with disabilities, were ‘protected’ from cuts in a variety of tasks throughout the research. Given the inevitable cuts facing these services, it may be necessary to inform residents that future funding will be significantly reduced, and therefore cuts to these ‘protected’ services will be needed. This could be achieved through more targeted/specific messaging.

Services relating to Leicestershire’s landscape (such as grass cutting) were perceived as less important by many participants. Some of these services are likely to have suffered cuts previously or already receive a relatively lower proportion of funding. It may be worth including this context within future communications to residents so they are fully cognisant that further reductions of these services will be difficult.

Community action

Landscape-based services were most likely to be identified as those that could be picked up by the community instead of LCC, although time was highlighted as a barrier to participation by some. Consider raising awareness of existing community action groups and increasing opportunities for residents to get involved.

Council Tax

Many participants said they would be willing to see a 5% increase in their Council Tax, as this amount feels ‘doable’ given the cost-of-living crisis. Interestingly, many said the Council could consider increasing Council Tax and reduce services to balance the budget.

Objectives



Do participants understand council services and the two-tier nature of Leicestershire?
Are participants aware of the different sources that generate financial pressures?



How much do the public understand the financial pressures/situation the Council is in?
How can we build an understanding of the situation amongst participants?



What trade-offs are people willing to make or see?



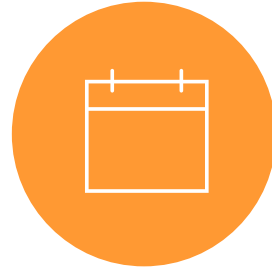
How do participants think individuals, communities and Voluntary and Community Sector (VCS) organisations can do more?
How can the Council facilitate this?

Methodology - Overview



In total, 26 participants took part in the online community.

Participants were recruited through a screener to ensure the sample contained a good geographical spread across the County, a mix ages, household incomes and prior attitudes towards the Council.



The online community took place between 3rd – 7th October 2022.

From Monday 3rd – Thursday 6th October, participants were asked to complete a series of activities relating to their awareness or perception of Leicestershire County Council, its current service provision, and its projected funding shortfall.

During these activities participants were not able to see contributions from other participants (to avoid bias in responses).

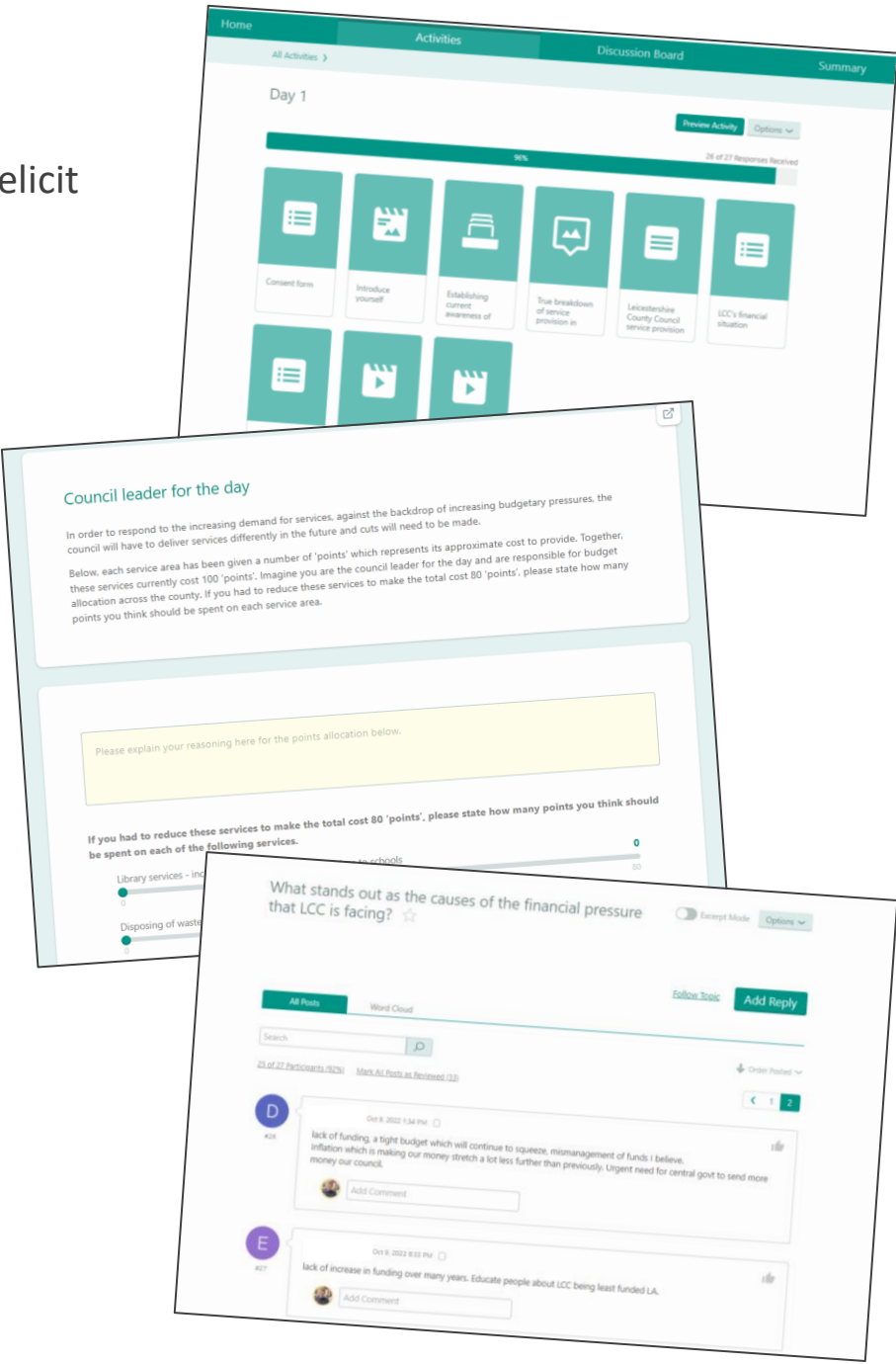
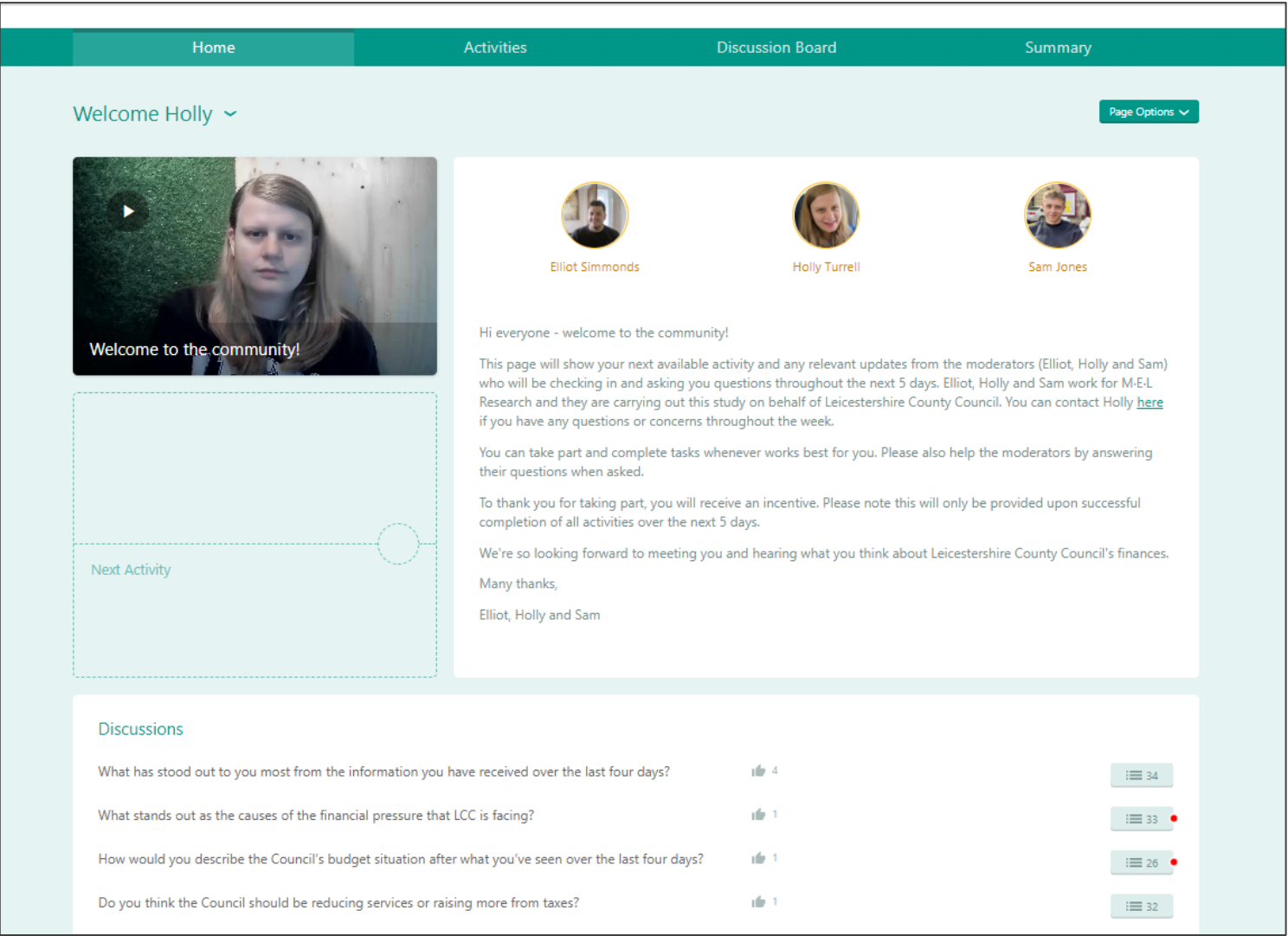


On Friday 7th October, discussion boards went live, opening up topics, themes and questions that had emerged during other tasks throughout the week.

At this point, participants could see, like and respond to posts and comments made by others participating in the study; to encourage and facilitate interaction between participants.

Methodology - Platform

The platform was designed to be user-friendly and engaging, using a variety of tasks to elicit responses from participants.



The community

Blaby District Council 4

Charnwood Borough Council 4

Harborough District Council 4

Hinckley & Bosworth Borough Council 4

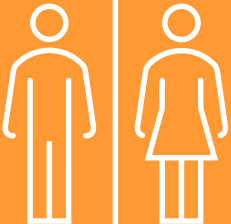
Melton Borough Council 4

North West Leicestershire District Council 4

Oadby & Wigston Borough Council 2



Male 11




Female 15

16–29 7

30–44 7

45–54 7

55+ 5



White 22

Minority ethnic background 4



Living alone, no children 5

Household with no children 6

Household with child or children under 5 2

Household with child or children between 5 and 16 6

Household with child or children aged over 16 7



Working full-time 16

Working part-time 4

On an apprenticeship or a training scheme 1

Unemployed and available for work 1

In full-time education 2

Wholly retired from work 2



Below £20,000 2

£20,001 - £40,000 10

£40,001 - £60,000 10

£60,001 - £80,000 2

£80,001 - £100,000 2





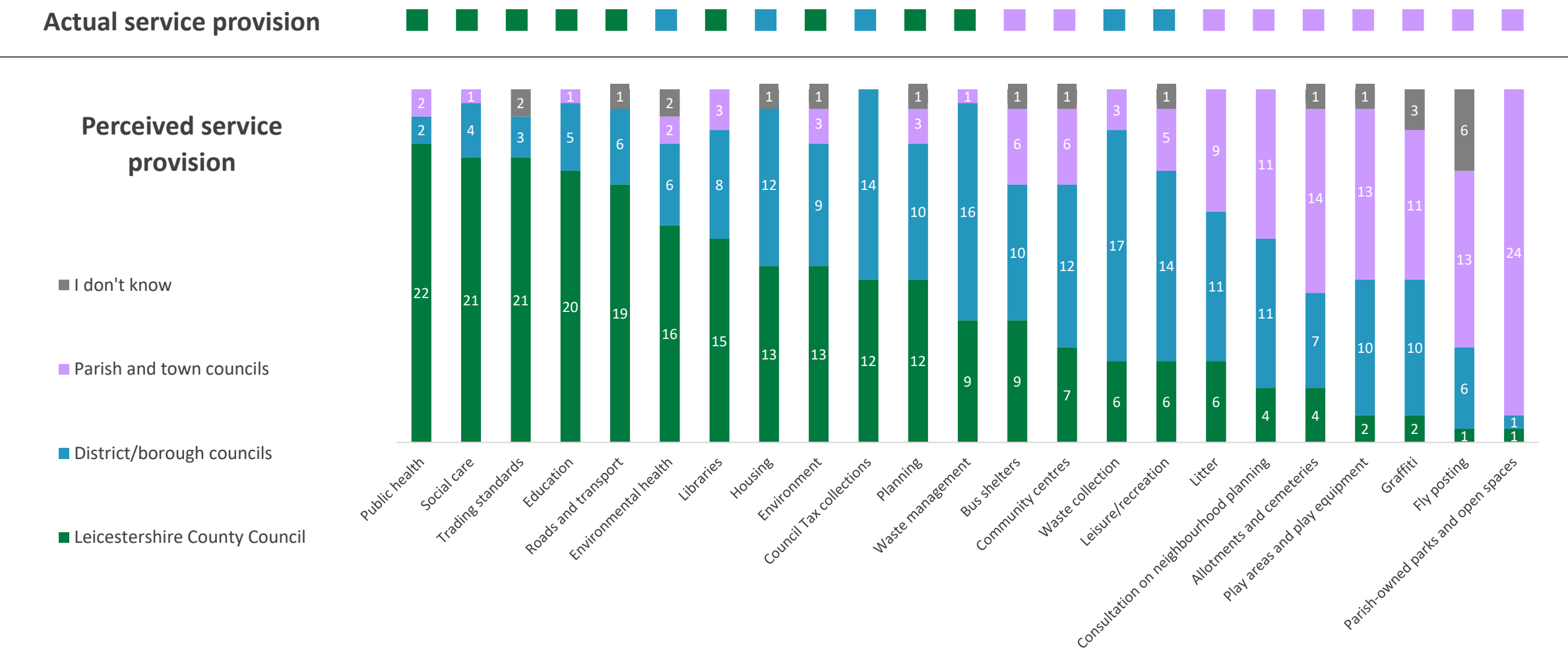
I speak positively of the Council 10

I have no views one way or another 15

I speak negatively about the Council 1

Current awareness of service provision and financial situation

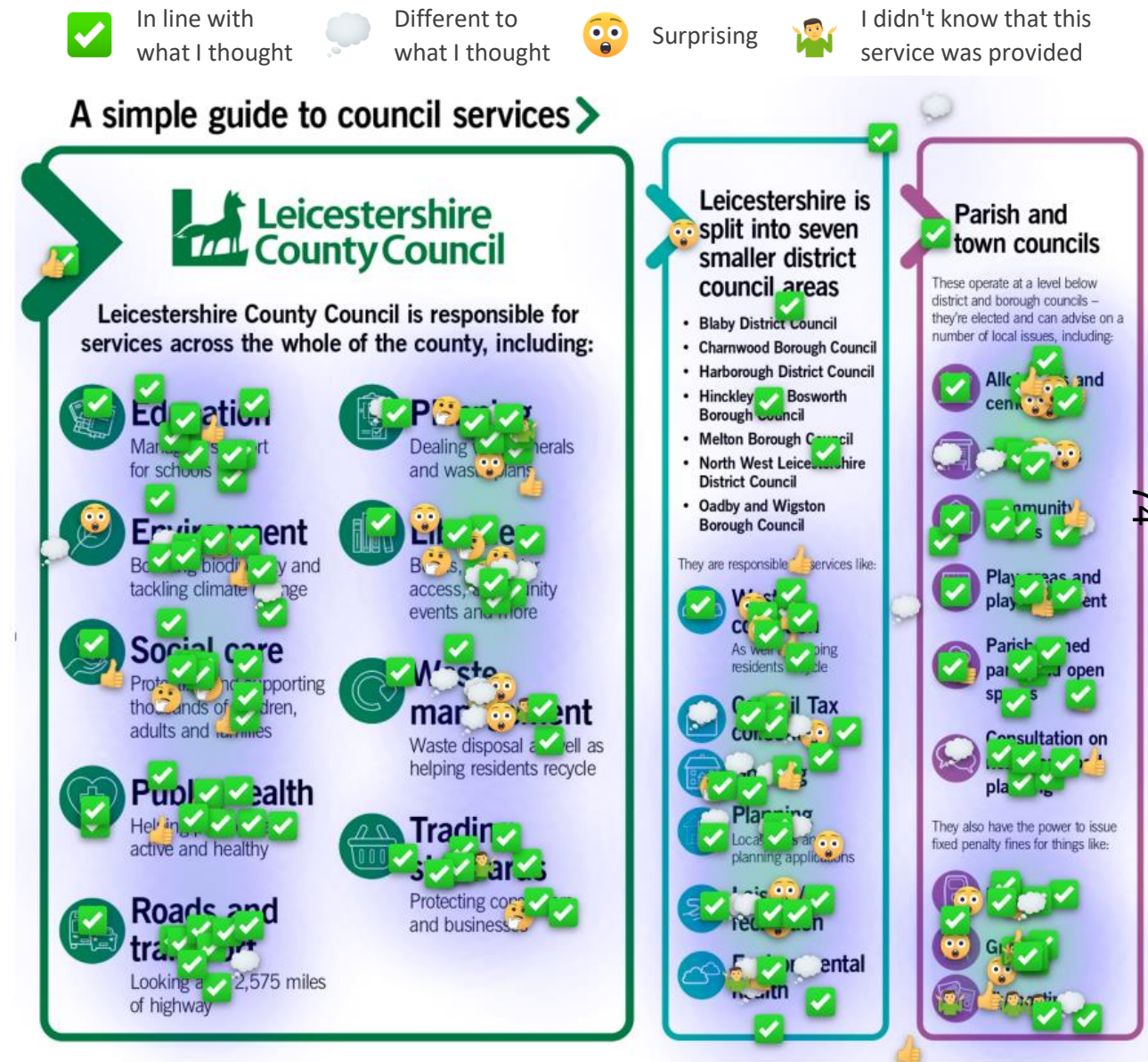
Current awareness of service provision is a mixed picture, particularly regarding district/borough councils and what they are responsible for; participants often misattribute these services to LCC or parish/town councils



Participants appear to lack clarity about services and which level of local government provides them. Consider improving awareness of service provision by communicating strands of funding clearly in areas with higher levels of confusion over provision (such as bus shelters and community centres). This also ensures information is brought to residents, including those who may be digitally excluded.

When presented with the true breakdown of service provision in Leicestershire...

- The majority were aware of LCC being responsible for education, public health and roads and transport
- Participants were surprised at the number of services provided by parish councils
 - In particular, the power of parish and town councils to provide fixed penalty fines was surprising; some felt a 'more powerful LCC' or the police would need this power
- Some participants felt libraries, planning and waste management was, or should be, more locally managed; either by district/borough councils or parish councils
- There was also some confusion between the separation of environmental services and environmental health services



Awareness of specific LCC services tends to come from experience; directly, through work, or from friends and family

“Was already aware of child social services, waste management, learning disabilities and waste management. I have family who work for children’s services. My brother-in-law has a learning disability and I use local waste sites [which] have LCC logos etc.”

Male, 45, North West Leicestershire

“I was aware of all apart from Family Support and Mineral Planning whatever that means. I presume I have this knowledge because of my age, life experiences and the interest and/or usage I have with the variety of services during the past 60 years.”

Male, 74, Blaby

How did you become aware of these services?

“Aware of Highways, Planning and social care and to a degree libraries. Knew about them from my job [Highways Engineer] and using libraries.”

Female, 50, Charnwood

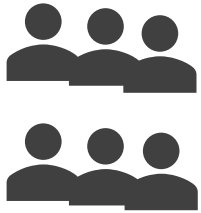
“Aware of all the branches/functions above either through work, day to day life, or family/friends' involvements with some of those services.”

Male, 32, Melton

How aware are participants of the financial pressures Councils are facing?

Awareness of LCC's financial situation is relatively poor

Many participants are aware of cuts facing local councils (presumed to be caused by government cuts and cost of living crisis). Fewer, however, are aware of specific issues facing LCC.



Many participants aware that **councils** across UK **face financial difficulties**:

- From **national** news sources e.g., TV, newspapers
- From **local** news sources e.g., local newspapers
- From **friends** living in other parts of the UK
- From **context** of cost-of-living crisis:
 - Given impact on finances for other organisations (including businesses) the financial impact on local councils seems inevitable for many

"The news tells us that we are facing problems in services [and] I hear friends worried about elderly care of parents."
Female, 50, Charnwood

"I am aware of the pressures my local council are under – I receive the annual breakdown."
Female, 45, Melton



Fewer participants aware of **issues facing LCC specifically** – those who are aware find out through:

- Seeing **local/community centers** being **shut down**
- **Annual breakdown** of spending (from Leicestershire Matters)
- **Local radio** (e.g. BBC Midlands Today)

"I'm not aware of any specific pressures to LCC, I just thought it was the government in general that was facing money issues."
Male, 45, North West Leicestershire



Many participants are aware of cuts facing local councils; campaigns to raise awareness of the severe shortfall facing LCC will not be starting from square one.



More could be done to educate participants about the financial issues facing LCC specifically – consider including this within publications sent to Leicestershire households (for example, Leicestershire Matters) or prominently within communities.

After assessing initial awareness, participants were given the following information on LCC's financial situation:

Over the last 10 years, Leicestershire County Council has had to make difficult decisions which has enabled them to make savings of £220m. However, times are increasingly tough and without local government funding reform, there is less room for manoeuvre.

Leicestershire remains the lowest-funded county in the country. If it was funded at the same level as Surrey, it would be £104 million per year better off, or £350 million, compared to Camden. The current system doesn't share national resources fairly and although Leicestershire County Council has planned for reduced funding, demand for services is increasing and the pressure on their budget is tightening. For many years the Council has been pressing the government for Fairer Funding.

Looking ahead, the impact of inflation and other pressures on the Council's budget will be profound. A report from June 2022 outlined that the budget gap in 2023/24 was expected to grow from a manageable £8m (at the time the current financial strategy was approved in February) to c£20m based on current inflation projections. And that over the 4-year life of the strategy the gap could increase from £40m to over £70m unless mitigating actions are taken. Since the report, further emerging pressures suggest that these gaps will grow even further. The current position is dire and the Council will need millions in further savings as inflation has left its finances in a frightening situation.

Resident concerns about the shortfall were focused on vulnerable groups within the community, including children, the elderly, and those with disabilities

Unprompted responses highlight a conscientious community who are concerned for welfare of vulnerable groups, not just how cuts will affect them individually.

“It worries me for how it will affect my children. It also worries me for the more vulnerable in Leicestershire; the elderly, young and people with physical/learning disabilities. These services are already stretched, so this news is very worrying.”

Female, 49, Harborough

“My nana relies on her prescriptions being delivered by the chemist and I worry she may be impacted as they may stop offering the delivery service.”

Male, 27, Blaby

“It makes me worried for our younger generation especially children of today and where they shall be in 20 years time to come.”

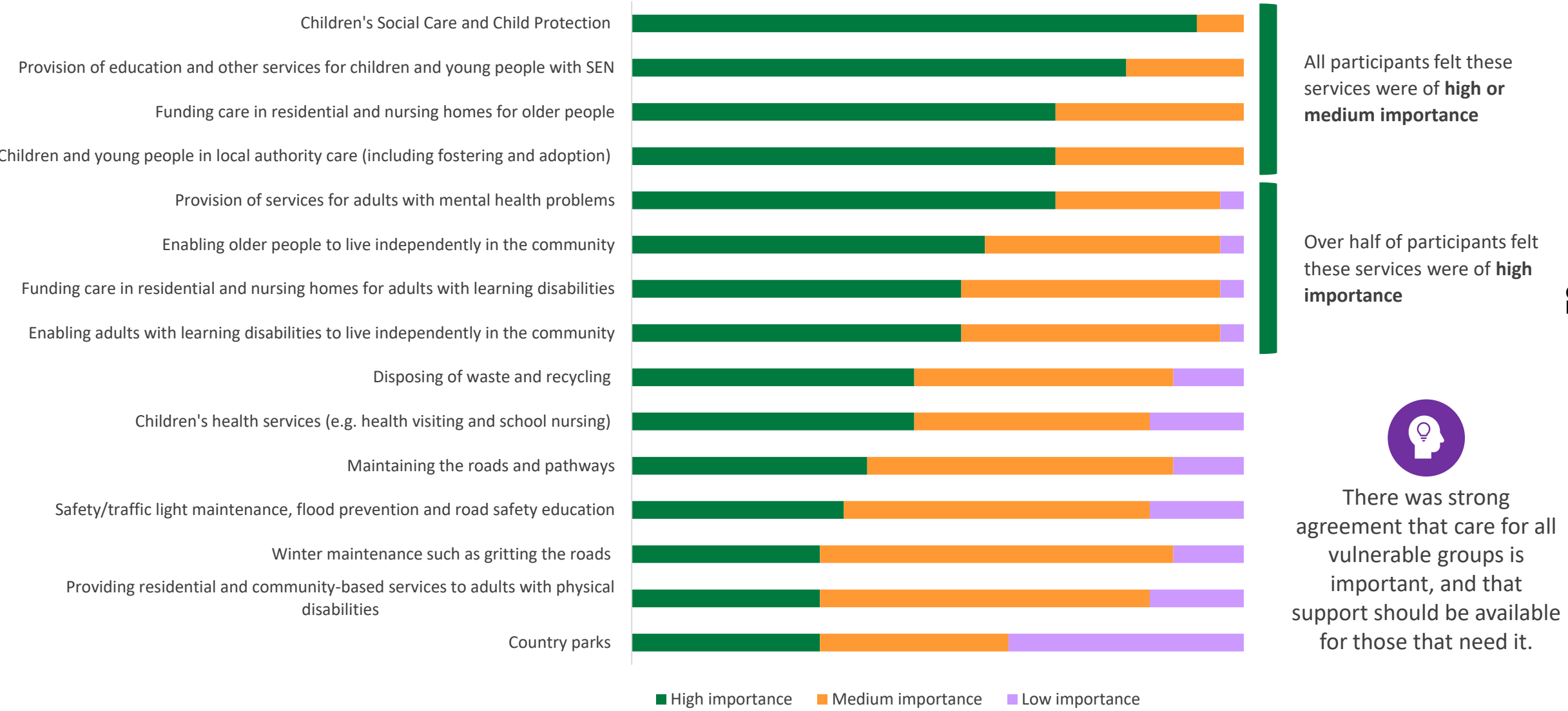
Female, 28, Hinckley & Bosworth

“It’s obviously a worry for everyone, but particularly people who rely on the services.”

Male, 27, Blaby

Service prioritisation and trade-offs

Children’s services and services for older and more vulnerable participants were the most highly valued, with most also highlighting the importance of waste management and well maintained roads and pathways across the county



Participants perceived grass cutting and libraries, culture and leisure services to be of lower importance. Findings from across the week suggest that these are services that could be delivered in different ways, and were services that some participants felt could be more locally-managed



Participants were surprised at some services receiving more funding – in particular, the cost of the ‘Healthy Living’ service was questioned by several respondents

		Spend (£m)	% Spend
Special Educational Needs and Disabilities:	Provision of education and other services (including transport) for children and young people with special educational needs	113	22%
Older People:	Funding care in residential and nursing homes for older people	78	15%
	Enabling older people to live independently in the community		
Children's Social Care:	Children and young people in local authority care (including fostering and adoption)	80	15%
	Children's Social Care and Child Protection		
Learning Disabilities:	Enabling adults with learning disabilities to live independently in the community (with services such as supported living, employment and day services)	59	11%
	Funding care in residential and nursing homes for adults with learning disabilities		
Waste management:	Disposing of waste and recycling	35	7%
	Local tips/household waste recycling sites		
Healthy Living:	Smoking prevention, weight management, physical activity and NHS health checks	26	5%
	Children's health services (e.g. health visiting and school nursing)		
	Drug/alcohol addiction and sexual infection treatment		
Highways:	Maintaining the roads and pathways	14	3%
	Street lighting		
	Grass cutting on highway verges		
	Safety/traffic light maintenance, flood prevention and road safety education		
	Winter maintenance such as gritting the roads		
Physical Disabilities:	Providing residential and community-based services to adults with physical disabilities	15	3%
Family support	Early support to families and young people, including youth services and community safety	12	2%
Public and school transport:	Providing free or subsidised public transport for pensioners and disabled people	13	3%
	Providing home to school transport, including personal travel budgets (excluding SEND)		
	Public bus service subsidies		
Mental Health:	Provision of services for adults with mental health problems	19	4%
Libraries, Culture and Leisure:	Library services - including mobile libraries and services to schools	6	1%
	Museums, records office and services to schools		
	Country parks		
Adult Learning:	Adult learning courses and support	5	1%
Economic Growth and Grant Aid:	Grants and contracts to voluntary organisations, community grants, funding for businesses and social housing, and wider support for economic growth	3	1%
Regulatory and Planning:	Trading standards	3	1%
	Minerals and waste planning		
	SERVICES TOTAL	481	93%
	SUPPORT SERVICES	37	7%
	TOTAL	518	100%

“I think the area which receives over funding is healthy living [...] things like alcohol and drugs are self incurred. This is a choice which effects all financially.”
Male, 41, Charnwood

“Whilst I understand that helping to fight obesity, assisting people to stop smoking etc. potentially has an impact on things like the NHS system I can’t help but think that a Healthy living budget being £26m sounds like an awful lot of money.”
Male, 55, Charnwood

“I am shocked how little is spent on mental health given how prevalent this is becoming in contrast to more being spent on healthy living.”
Male, 45, North West Leicestershire

In addition, unprompted concerns over funding for mental health services, especially when compared to others, were shared by many

Numerous comments from participants of all ages, genders and locations may reflect a growing concern for resident mental health across the county.

"It surprised me that mental health was so far down the list. Especially as the impact of poor mental health surely correlates to a lot of other areas of budgeted spend."

Male, 32, Melton

"I think more should be spent on mental health services."

Female, 17, Melton

"I am shocked on the percentage of funding for mental health [...] I think this should be funded more."

Male, 27, Blaby

"I am surprised that the level of importance for mental health is so low. Particularly following Covid and the statistics following this in relation to how mental health has been affected."

Female, 45, Melton

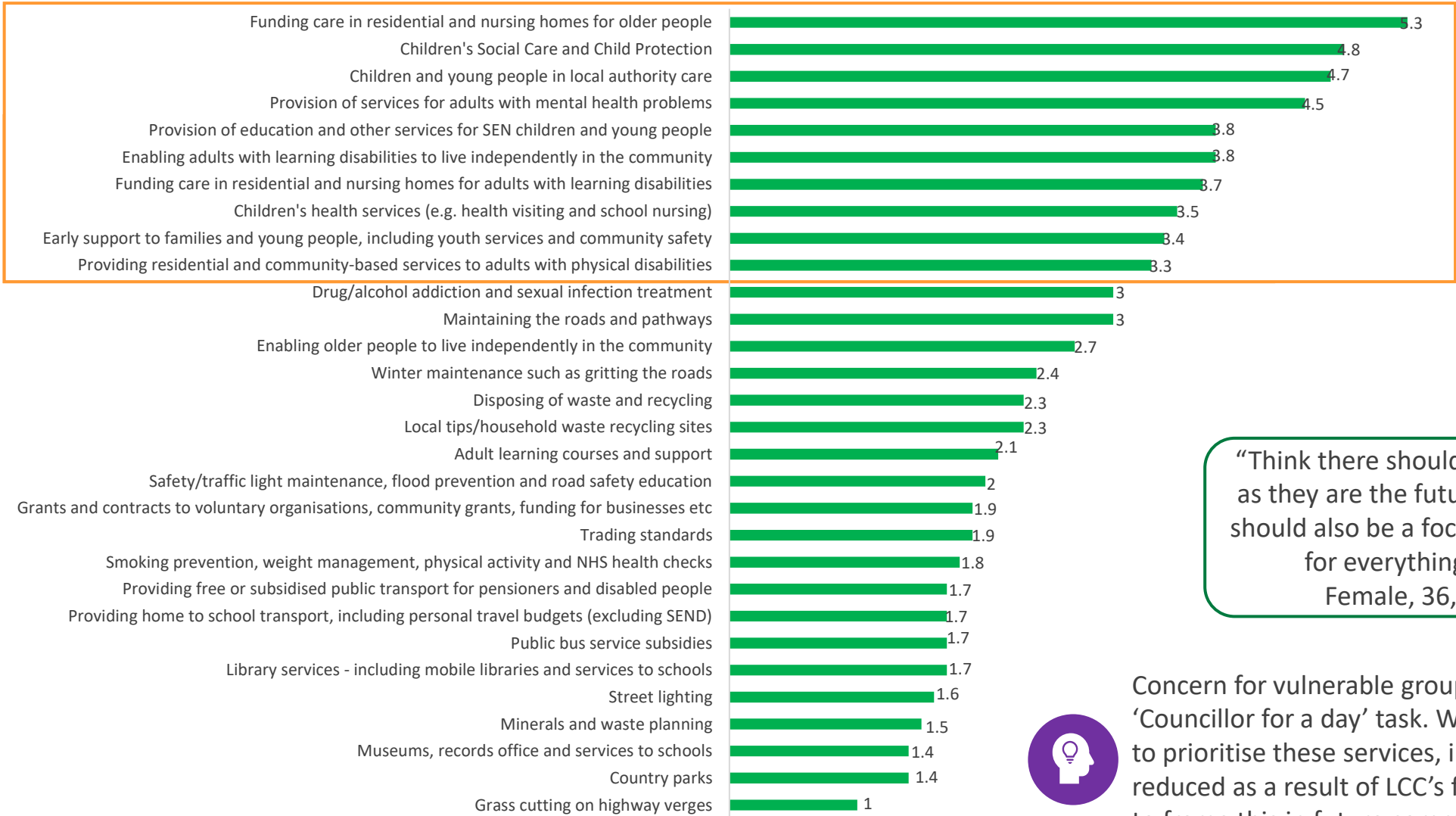
"That significant 10's of millions are spent on some vulnerable members our community but at least a 5th less is spent on mental health provision?? This feels unfair, particularly given the mental health crisis we find ourselves in and hikes in suicide rates!"

Female, 37, Hinckley & Bonsworth

How do participants suggest services are prioritised?

‘Councillor for a day’

Concern for vulnerable groups was re-confirmed through the ‘councillor for a day’ task. When asked to reduce service provision by 20%, participants prioritised spending on services for children, the elderly, and those with disabilities. 9 of the top 10 ‘protected’ services were for vulnerable groups



“ I feel the vulnerable should receive the most funding as they cannot care for themselves.”
Male, 41, Charnwood

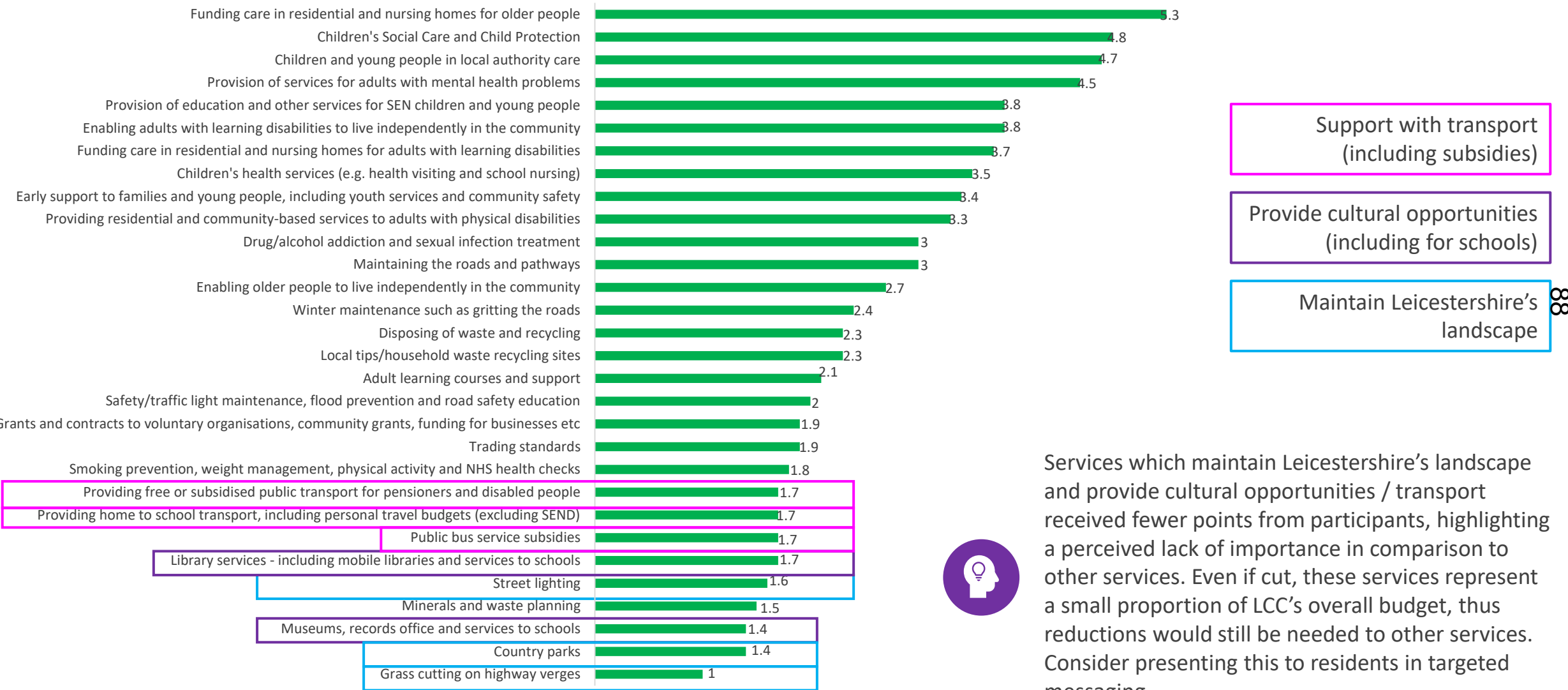
“I feel most of the points should go into social care.”
Female, 37, Hinckley & Bonsworth

“Think there should be a focus on younger people as they are the future generation - that said there should also be a focus on the older generation too, for everything they have done for us.”
Female, 36, Hinckley & Bonsworth



Concern for vulnerable groups was restated through the ‘Councillor for a day’ task. While it is clear that residents wish to prioritise these services, inevitably these will need to be reduced as a result of LCC’s financial situation. Consider how to frame this in future communications to residents.

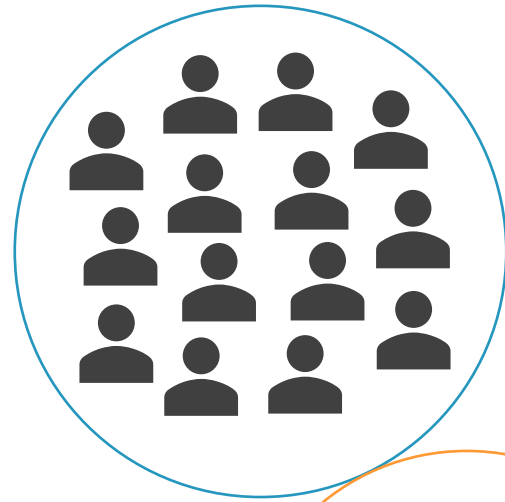
Services which maintain Leicestershire’s landscape, provide cultural opportunities (including for schools) or support with transport (including subsidies) received the fewest points on average. 8 of the 10 fewest point-scoring services are in this category.



Services which maintain Leicestershire’s landscape and provide cultural opportunities / transport received fewer points from participants, highlighting a perceived lack of importance in comparison to other services. Even if cut, these services represent a small proportion of LCC’s overall budget, thus reductions would still be needed to other services. Consider presenting this to residents in targeted messaging.

Council Tax

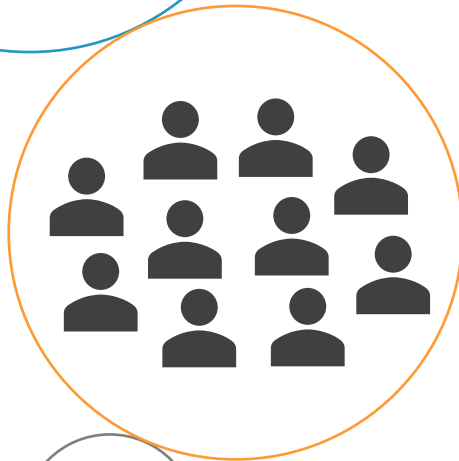
Sentiment about **current** Council Tax was split between those who feel the amount their household is expected to pay is 'about right' and 'too high'



About right

"I believe that for the services we receive it is a reasonable sum of money to pay. We have excellent bin collections, a decent library, a superb health centre, a frequent bus service, a community centre and a well-maintained village environment."

Male, 74, Blaby



Too high

"I believe in proportion to earnings the council tax rates are sky high and [...] the amount of value of council services in relation to the tax people pay is poor."

Male, 24, Oadby & Wigston



Unaware

**When asked, participants were presented with the current average Council Tax bill for each band in the County, as well as a link to find their band.*

How would participants respond to an
increase in Council Tax?

A Council Tax increase is acceptable to most; but not higher than 5%

Even half of those stating their current Council Tax is 'too high' would be willing to accept an increase.



No increase

1-4% increase

5% increase

6-10% increase

No income

"I think we pay enough . The services are not what people expect as some areas are fortnightly with refuge. Care homes at a squeeze, crime up because of homeless."

Female, 59, Blaby

"Taking into consideration the other cost of living increases we have [a 5% increase] seems reasonable."

Female, 32, Harborough

"We are in Tax Band C so [with a 10% increase] we would pay an extra £129 a year. That's about an increase of £12 or so a month. It's rubbish to have another cost go up but I strongly believe in social support and moral duty to help our community."

Female, 50, Charnwood

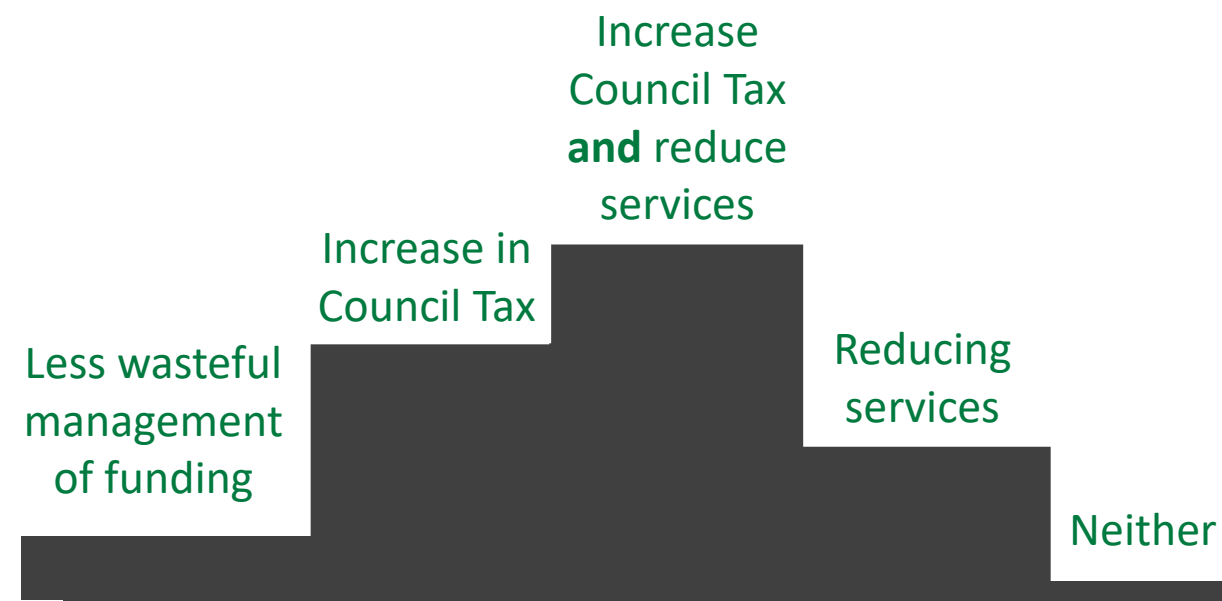
However, when asked whether LCC should increase Council Tax or reduce services, roughly half think both are necessary

A finding from the discussion board was that a balance may suit participants the best; many accept that to keep services they must pay more tax and that some services could be cut or outsourced to members of the community.

“I think it needs to be a bit of both. Taxes need to rise marginally [and] there are some services that need more funding, or the funding remaining the same.”
Female, 32, Harborough

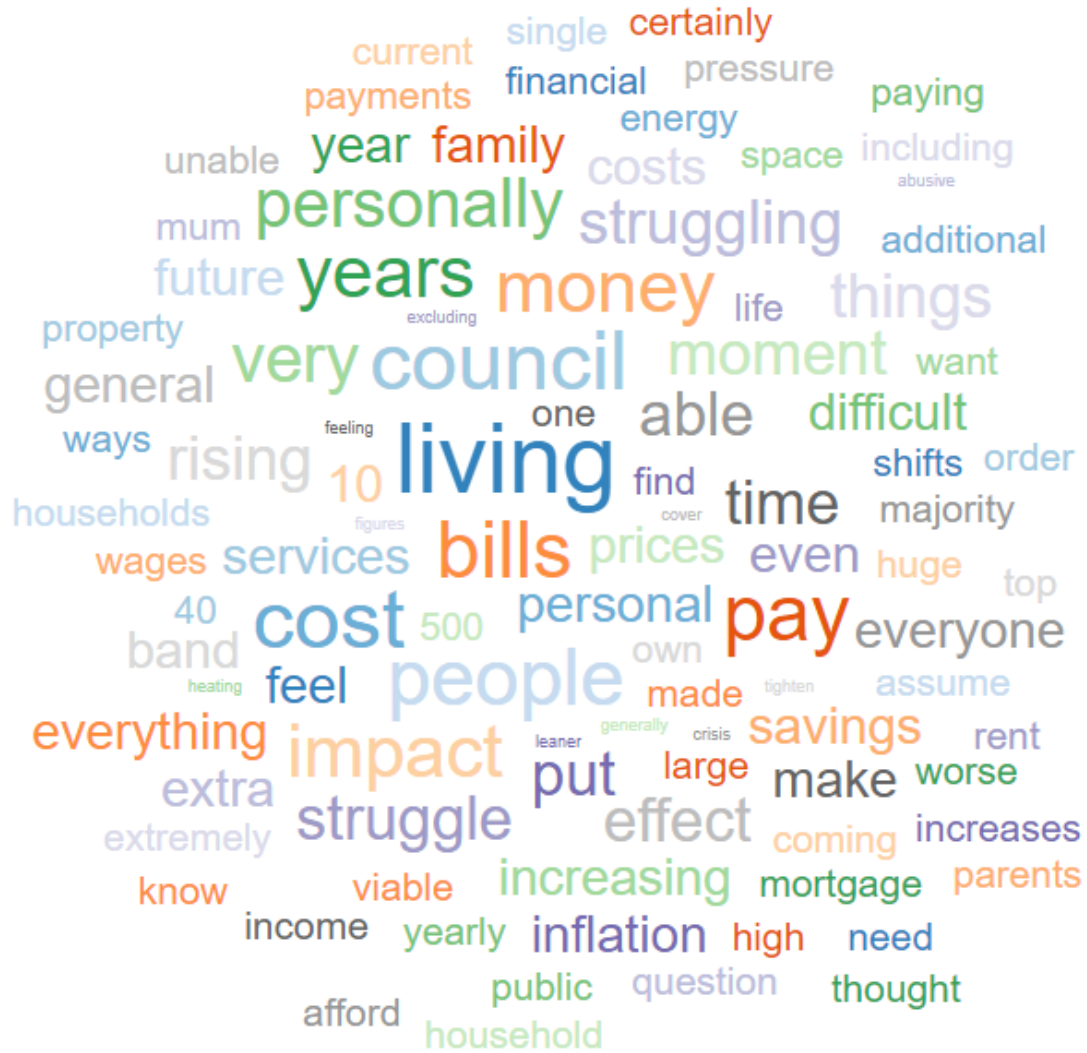
“I don’t think services should be reduced; I’d be happy to pay more council tax in order for services to continue running.”
Female, 24, Blaby

“Some services at the moment are nice to have such as free transport whereas others are needed such as social care.”
Female, 50, Charnwood



When asked this yes or no question, around half of respondents said LCC should increase Council Tax **and** reduce services. This compromise of ideas may represent a potential step forward for the Council’s finances.

An increase of 9.9% (the increase needed to enable LCC to balance it's budget) was seen as an "extremely impactful" increase, especially given other rising costs of living



“Absolutely crazy. Again, don't agree. I'm sure there are other ways money could be made without impacting on residents. Time is getting tough for everyone. As much as LCC are struggling financially with cost of living increasing so are everyone. Increasing things like this to the general public will have abusive knock-on effect, especially those that don't get pay increases.”

Female, 36, Hinckley & Bosworth

“My mortgage as just risen, as well as gas and electric monthly payments so another increase like this really would impact on my financial situation and make the cost of living even harder at the moment.”

Male, 45, North West Leicestershire

“I think this would far too high an increase. We are already in a cost-of-living crisis, and this would really push families even further into financial trouble.”

Female, 32, Harborough

Partnerships and the role of others in the community

Participants agreed that helping others within the community would help everyone lead better and more fulfilling lives. They also felt that there is a responsibility for people to support the Council given the challenges it is facing



I agree with this



I don't agree with this



I find this surprising



I hadn't thought about this before

Individuals and communities lead better, more fulfilling lives the more they help themselves and each other and remain independent for as long as possible. There is a large community, voluntary, charity and faith sector in Leicestershire doing much good work, but more people could be more involved in these groups, as well as less formally, just as 'good neighbours'.

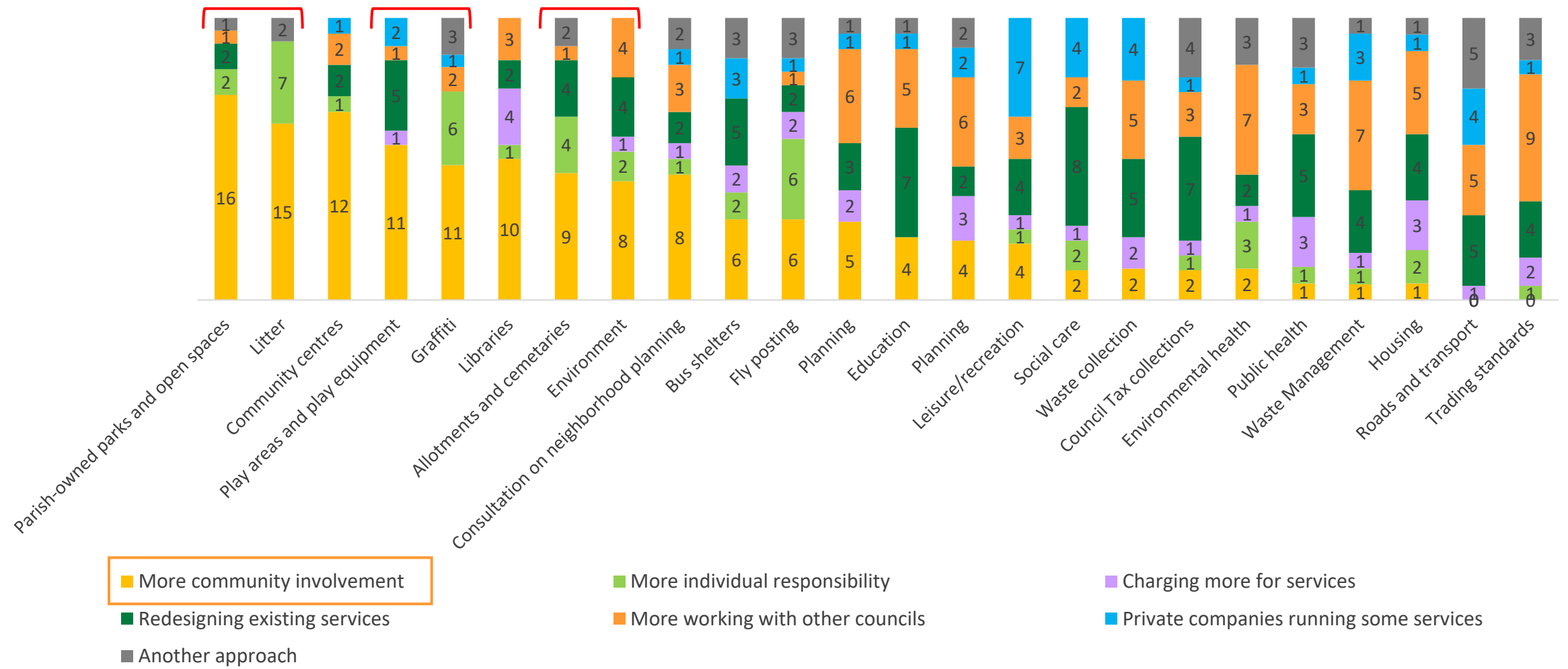
"I think working as a community can be more efficient and effective, it also means the community is happier and more involved as they can help with the services they use the most and make it how they would like."

Female, 17, Melton

- The majority of participants agreed that helping each other benefits both individuals and society more broadly
- Some participants hadn't thought about Leicestershire's voluntary sector prior to this research, but believe actions to support independence within the community would be of benefit
- Some participants were surprised to learn about the large community sector present in Leicestershire
- The idea of increasing community support through informal means (such as encouraging behaviour between 'good neighbours') was agreed upon by many participants

What services could be delivered differently?

Participants mostly identified landscape-based services – such as maintenance of parks and open spaces – as potentially deliverable by more community involvement, and not LCC



This was highlighted further when asking about ‘individual action’; participants suggest that care for elderly participants, through visits or medication pick-ups, could be provided by the community to help reduce the burden on the Council’s budget – a potential legacy of the Covid-19 pandemic

“I think organising litter picks it’s an easy start. I think there may be some interest in helping to maintain parks and cemeteries in their local areas. I think you may get some people interested in volunteering in a care setting for example.”

Male, 55, Charnwood

“Helping neighbours with needs like shopping collection of prescriptions spending time with them and just making sure they are not forgotten.”

Male, 65, Charnwood

“Respect their local environment, use parks and open spaces to be more active, support local charities and community centres, volunteer, visit and be more social with isolated people. Do a shop for them and chat for 30 mins or whatever time you have, pick up after your own mess.”

Female, 50, Charnwood

“Keeping an eye on the elderly / vulnerable , offering free transport to those with limited mobility and on low incomes, litter picking and parks and countryside maintenance issues.”

Male, 74, Blaby



Consider strengthening awareness of existing community action groups, for example the litter ‘wombles’, to make the most of willing volunteers within Leicestershire

A couple of participants highlighted specific examples of community action within their local area


“I would say that in my local area people have come together to try and help improve or maintain services for example the **bus route from Melton to Nottingham** was under cancellation and **everyone came together to prevent this** despite it not working it showed community support. Another thing I've noticed in my local area is that there is a **group of volunteers** that take part in things to make our town looks nicer for example I saw them **painting the fences and railings around Melton** although this isn't a massive project to improve the town majorly it showed that the community spirit is there to do so.”

Female, 17, Melton

“The village I live on has always has a strong sense of community. This was reinforced during the pandemic with the **local post office and pubs/cafe offering deliveries**/other services to the more **vulnerable in our community** as well as other participants. **Our local FB village page** often has **requests of assistance** for things such as **a lift to the hospital**, which another individual will say they can do. The local parish council is also very receptive to comments on things such as if something needs to be repaired in the local play park. They get things done very quickly. This adds to the feeling of a strong community.”


Female, 49, Harborough

In the context of reducing Council costs, participants also gave the following examples and suggestions of community or individual action...




Male, 41, Charnwood

Hold people accountable for ASB. littering, graffiti and fly tipping all come at a cost to the tax payer. issue large fines or make individuals give up their time to render their actions (litter pick).




Male, 55, Charnwood

have to say I totally agree with your comments there




Moderator

Thanks for this - does anyone have any additional thoughts on this topic?




Male, 24, Oadby & Wigston

I agree its a great solution, if its someone's damage or waste is being dumped why should it come to a cost to the tax payer, the individual/firm should be fined and ordered to rectify that damage.




Add Comment




Male, 27, Blaby

By all doing our bit to help, picking up litter, offering to help the vulnerable




Add Comment



Female, 43, Harborough


Perhaps low level maintenance of grass verges, upkeep of parks and community areas but I'm not sure in the big scheme of things how much this would save? I'd be interested to know.




Male, 55, Charnwood

I think your right

When it comes to community involvement and volunteering it would nearly always be at a low level and in the sort of areas that you have mentioned. Unfortunately, even having Members of the public volunteering for certain tasks requires somebody in charge to oversee the process and organise events. This in itself can cost time and money and end up being a distraction.




Add Comment



Male, 74, Blaby

Little picking twice weekly in our village

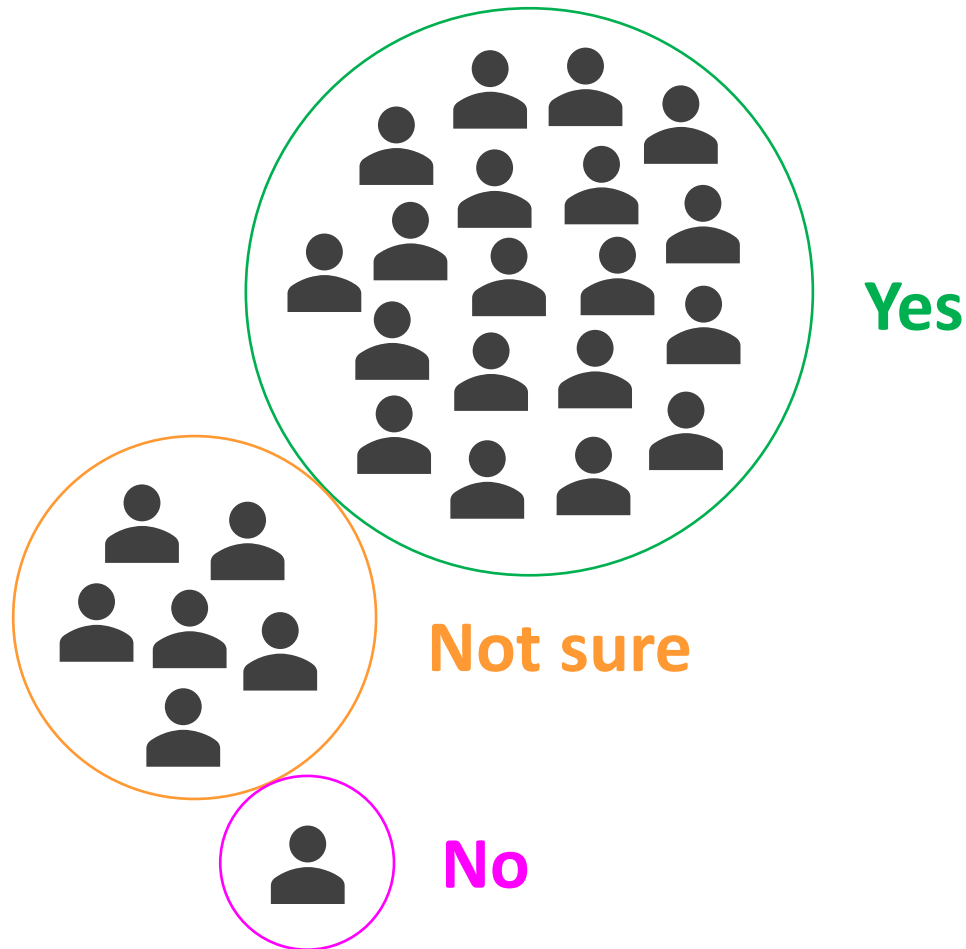


Add Comment

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This coincides with resident attitudes towards community action; roughly three quarters believe communities should support others to help with the Council's financial challenges

"Do you think communities/individuals should support others to help with the Council's challenges?"



"I think working as a community can be more efficient and effective, it also means the community is happier and more involved as they can help with the services they use the most and make it how they would like."

Female, 17, Melton

"I think people should support others through hard times but in a way I don't think it should be an individuals responsibility to support others through problems they face if they are caused by councils etc. I think the support should be provided by councils or other sectors."

Female, 17, Melton

"They should help others anyway not to just prop up a failing service."

Male, 41, Charnwood

However, participants also highlighted key barriers such as childcare, full-time work and a lack of free time

Many said that such barriers will only worsen with rising costs of living.



“The free time people have is spent supporting their own families. To support others [...] would take a massive culture shift.”
Male, 41, Charnwood



“As much as I think people would like to help many people are working long hours and can’t afford to give up their time.”
Female, 32, Harborough



“Both myself and my partner work and are usually out of the house 8-6 everyday. With the cost of living, if anything people are going to work more in the next few years, and older members of the community will be working later in life and have less time to volunteer.”
Female, 32, Harborough



“a lot of people are more cautious now around the vulnerable with the risk of covid.”
Female, 24, Blaby



Participants want to help their communities, but many highlight that existing barriers – including work patterns and childcare duties - prevent them from providing support. To maximise on the goodwill of participants, especially given the cost-of-living crisis, LCC could ensure that opportunities to help the community are available around busy lives, for example through flexible, evening and/or short shifts.

Key messages and communicating the shortfall to residents

The main takeaways for participants were the number of services provided by LCC and that it is the lowest funded council in the UK

The looming financial pressures facing LCC resonated with fewer participants; therefore, considering more targeted messaging about this in future publications, to raise and retain awareness within the community, would be beneficial.

“What has stood out to you most from the information you have received over the last four days?”



How many services are provided by LCC



That LCC is the lowest funded council



Empathy for the Council’s situation / an understanding of the difficulties faced



The Council’s budget and where it is spent



That the Council is looking to engage participants through research like this



That LCC is unfairly funded compared to other councils



The financial pressure faced by LCC in the coming years

Participants believe that raising awareness of the ‘frightening finances’ will help others within the community better understand the Council’s situation

Physical post, as well as bulletins in local TV and radio, were seen as effective ways of achieving this.

“Taking what you have seen over the last four days, what’s the best way to help others understand the Council’s situation?”

- A third of participants believe others within their communities simply aren’t aware of LCC’s dire finances, thus they think raising awareness would help others understand the Council’s situation. Participants suggested the following would be good avenues for messaging:



- Posting information through letterboxes
- Local radio
- Local TV stations
- Social media
- Workplaces

“Information is a key part of the process. I feel that everyone pays their council tax because it’s just “another tax”. Unless you take the time to find out how the budget is broken down and spent you have no clue as to how badly the cuts are going to bite or what services may be effected/lost.”
Male, 55, Charnwood

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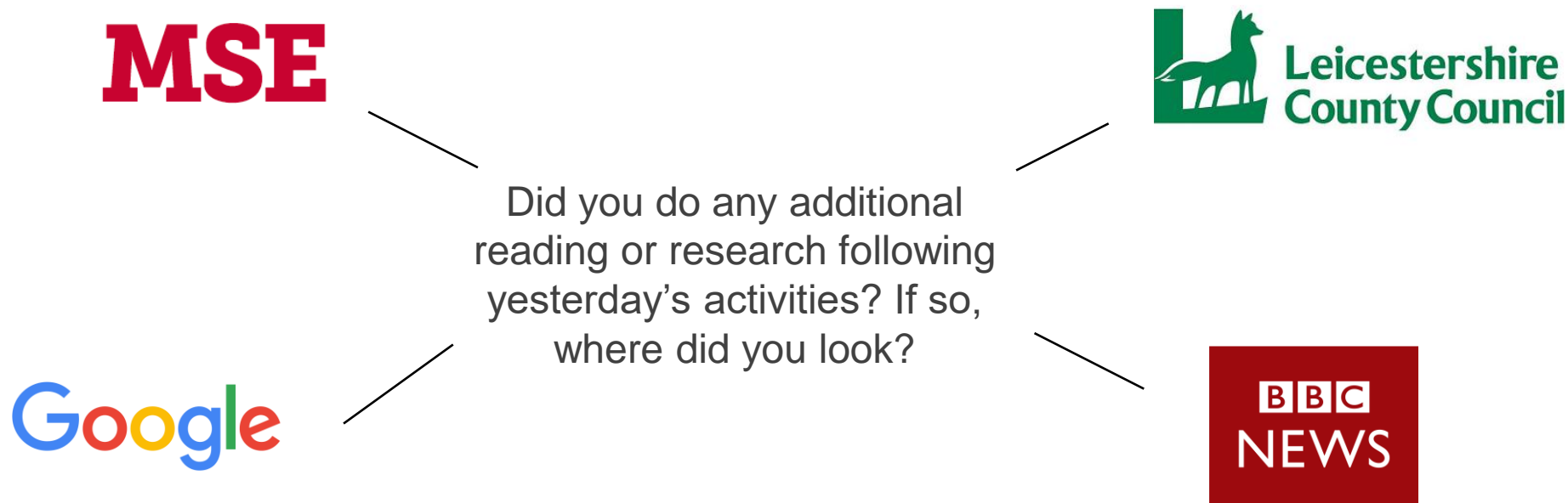
- Some participants also noted that simplifying information about finances might help those within the community understand the situation better.



Current communication aiming to raise awareness of LCC’s financial situation does not appear to ‘cut through’ to residents, with many unaware of the severity of incoming cuts. Consider how to communicate this in future messaging with residents.

When looking for information about the financial shortfall facing LCC, participants looked at MoneySavingExpert, Google and the BBC. While the Leicestershire County Council website was used, it was not the first port of call for many participants

This presents opportunity for LCC to ‘own’ the information moving forwards.



There is an opportunity for LCC to ‘own’ information about the Council’s financial situation and incoming shortfall. Consider stronger campaigns to raise awareness of the shortfall on the LCC website and become the first port of call for participants looking for information.

Key messages (1)

Awareness

- At present, residents appear to lack clarity about services and which level of local government provides them. Consider improving awareness of this through targeted messages within the areas of confusion, for example a breakdown of funding on posters within bus shelters and/or community centers (as currently, many residents are unaware of which LCC strand funds these).
- Many participants were already somewhat knowledgeable about cuts facing local councils across the UK through local/national news, friends living in other counties, or from the context of the cost-of-living crisis. This means any awareness campaign about LCC's financial situation can build upon this pre-existent knowledge and will not need to start from square one. More could be done, however, to educate participants about the financial issues facing LCC specifically, as many participants taking part in this study were previously unaware of the Council's 'dire' situation.
- Participants were shocked, surprised, angry and scared to learn about the severity of the cuts facing LCC in the coming years. This suggests current messaging about this is not 'cutting through' to residents.

Service prioritisation

- When tasked with reducing services by 20%, those which maintain Leicestershire's landscape and provide cultural opportunities / transport were most depleted by participants, highlighting a perceived lack of importance in comparison to other services. Some of these services are likely to have suffered cuts previously or already receive a relatively lower proportion of funding – it may be worth including this context within future communications to residents so they are fully cognisant that further reductions of these services will be difficult.
- It is evident throughout varying tasks that participants of varying ages, genders and localities believe the care of vulnerable groups (namely children, the elderly, and those with disabilities) is important, and that support should be available for those that need it. Whilst previous efforts to address Leicestershire's funding shortfalls have been successful in protecting services that appear to be important to residents, it may be necessary to inform them that future funding will be significantly lower, and therefore cuts to these 'protected' services will be needed. Rather than simply increased messaging, more targeted messaging may be needed to communicate this message to residents.

Key messages (2)

Individual action

- Landscape-based services, as well as 'neighbourly' help (such as supporting more elderly or vulnerable residents) was seen as something the local community could pick up instead of LCC. Consider strengthening awareness of existing community action groups, for example the litter 'wombles', to make the most of willing volunteers within Leicestershire.
- To maximise on the goodwill of participants, especially given the cost-of-living crisis, LCC should ensure that opportunities to help the community are available around busy lives, for example through flexible, evening and/or short shifts. This may make it easier for those who want to help but have identified barriers, such as work shifts and childcare responsibilities, to their provision of support within the community.
 - We often see similar barriers reported in other community-based research we undertake. Having more information on the local charities and organisations needing volunteers or more information on the different type of volunteer roles are often key enablers to help residents decide to give up time to help others.

Council Tax

- Around half of participants say their current Council Tax payment is 'about right'. However, the majority felt a 5% rise would be acceptable.
- When asked whether the Council should reduce services or increase tax as a way of balancing the budget in response to the upcoming shortfall, around half of respondents said LCC should do both. This compromise of ideas could represent a potential step forward for the Council's financial strategy.

Communicating the shortfall

- For many participants, the main takeaway from this research is that LCC is the lowest funded council in the UK. Consider making this the main focus of future communications as it seems to resonate the most with those living in Leicestershire.
- Only a small minority of participants say the long-term nature of the oncoming shortfall – i.e., that it will affect LCC every year for the next few years – stood out the most strongly to them as a result of this research. Consider making this more of a 'headline' piece to ensure residents understand that these impacts are not a 'one-off' but will impact LCC in the coming years.
- When looking for information about the shortfall, participants are currently accessing a variety of sources including MoneySavingExpert and the BBC. There is an opportunity for LCC to 'own' information about the Council's financial situation and incoming shortfall. Consider directing residents to your website to become the first 'port of call' for those looking for more information on this topic.

This project has been delivered to ISO 9001:2015, 20252:2019 and 27001:2013 standards:

