Leicestershire County Council

*Meeting:* **Cabinet**

*Date/Time:* **Tuesday, 19 December 2023 at 2.00 pm**

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

*Contact:* **Miss G. Duckworth (Tel. 0116 305 2583)**

*Email:* **gemma.duckworth@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

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Leicestershire County Council

**CABINET – 19 DECEMBER 2023**

**PROVISIONAL MEDIUM TERM FINANCIAL STRATEGY 2024/25 - 2027/28**

**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 2024/25 to 2027/28, for consultation and scrutiny.

**Recommendations**

2. It is recommended that:

   (a) The proposed Medium Term Financial Strategy, including the 2024/25 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 provisional Local Government Finance Settlement;

      ii.) decide on the appropriate course of action with regard to the Leicester and Leicestershire Business Rates Pool in 2024/25 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 and to identify additional savings in light of the financial gap in all four years of the MTFS, 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 9 February 2024.

**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 2024/25 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 provisional 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 (DLUHC) 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 County Council.

**Timetable for Decisions (including Scrutiny)**

8. The external consultation on the MTFS will take place from 19 December 2023 until 17 January 2024. The MTFS will be considered by the County Council's Overview and Scrutiny bodies between 17 and 29 January 2024 as follows -

   Health - 17 January
   Highways and Transport - 18 January
   Adults and Communities - 22 January
   Children and Families - 23 January
   Environment and Climate Change - 25 January
   Scrutiny Commission - 29 January

9. The Cabinet will then consider the comments of the Overview and Scrutiny bodies and responses from the wider consultation process at its meeting on 9 February 2024. The County Council meets on 21 February 2024 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 22 February 2023.

11. The County Council's Strategic Plan (agreed by the Council on 18 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
- Great communities
- Improving opportunities
- Strong economy, transport and infrastructure
- Keeping people safe and well

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 15 September 2023 noted the significant financial challenges faced by the Council and inter alia agreed the approach to updating the MTFS.

**Legal Implications**

14. The Director of Law and Governance has been consulted on this report.

15. The Council's Constitution provides that the budget setting is a function of the County Council which is required to consider the budget calculation in accordance with the provisions set out in Local Government Finance Act 1992. This requires that there be a calculation of the total of the expenditure the Council estimates it will incur in performing its functions and will charge to the revenue account for the year, such allowance as the Council estimates will be appropriate for contingencies and the financial reserves which the Council estimates will be appropriate for meeting future expenditure.

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 to 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 unlikely to set or maintain a balanced budget. In addition, there is a requirement set out in the Local Government Act 2003 and relevant regulations[1] for the Council, when carrying out its duties, to have regard to the Prudential Code for Capital Finance in Local Authorities.

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.

[1] Local Authorities (Capital Finance and Accounting) (England) Regulations 2003

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. The preparatory work to be undertaken by Chief Officers as set out in the recommendations is key to contributing to lawful decision-making.

20. There is a requirement for the precept to be approved by the Council and notified to the billing authorities by no later than 1 March 2024.

**Resource Implications**

21. The MTFS is the key financial plan for the County Council. The County Council's financial position has been challenging 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 educational needs. This was exacerbated by the impact of the Covid-19 pandemic and significant increases in inflation, to levels not seen for many decades.

22. The Autumn Statement announced in November 2023 provides very little additional information to the updated financial position reported to the Cabinet in September 2023, with the exception of the announcement of the National Living Wage rate to be applied from April 2024. DLUHC issued a Policy Paper on the 2024/25 Settlement on 5 December 2023 which confirms many of the assumptions used in the drafting of the new MTFS.

23. 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 four is much more significant than has been the case in the past.

24. The current MTFS was balanced for year one only, with a gap of £13m in year two rising to £88m in year four.

25. This revised MTFS for 2024-28 projects a gap of £12m in the first year that (subject to changes from later information such as the Local Government Finance Settlement) will need to be balanced by the use of earmarked reserves. There is then a gap of £33m in year two rising to £85m in year four. The gaps in the second, 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 2025/26 to be balanced without the use of reserves. This includes a reinforcement of existing financial control measures and the introduction of new ones to ensure a tight focus on eliminating non-essential spend.

26. Delivery of the MTFS requires savings of £162m to be made from 2024/25 to 2027/28, unless service demand reduces, or additional income is secured. This MTFS sets out in detail £77m of savings and proposed reviews that will identify further savings to reduce the £85m funding gap on the main revenue budget and the £112m estimated funding gap on High Needs in 2027/28. High Needs expenditure within the Government grant going forwards has (in recent years) exceeded grant to the extent that a cumulative deficit of £66m 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.

27. To ensure that the MTFS is a credible financial plan, unavoidable cost pressures have been included as growth. By 2027/28 this represents an investment of £127m, primarily to meet the forecast increase in demand for social care. The MTFS also includes a £113m provision for pay and price inflation. The majority of these pressures are unavoidable due to the nationally set National Living Wage, which has a significant influence on social care contracts, pay awards and increases to running costs driven by the levels of inflation.

28. Balancing the budget is a continued challenge. With continual growth in service demand recent MTFS's have tended to show two-years of balanced budgets followed by two 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 only forecasts a balanced budget next year, after assuming the use of £12m of earmarked reserves to meet the currently projected gap, but the following three years are all in deficit.

29. The £33m gap in the second year is not expected to be cleared by the time the MTFS is approved in February 2024. Reserves will need to be set aside to ensure that the County Council has sufficient time to formulate and deliver savings and supress service growth. A heightened focus on the County Council's finances continues to be required whilst this situation remains.

30. The draft four-year capital programme totals £449m. This includes investment for services, road and school infrastructure arising from housing growth in Leicestershire, social care accommodation and essential ICT and Property capital schemes. Capital funding available totals £356m, with the balance of £93m being temporarily funded from the County Council's internal cash balances, with external borrowing potentially being required in future years.

31. In the Autumn Statement the Chancellor set out a range of measures designed to stimulate economic growth. He was only able to do this by extending the restrictions on public service spending. Although the headlines show that expenditure will increase faster than inflation unprotected departments in England, of which local government is one, face an annual 3.4% real terms reduction. The decision over where the cuts will fall is likely to be left to the next

Parliament. If economic growth does not improve there will be difficult decisions, both nationally and locally, about what services will be scaled back.

32. 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**

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

**Officers to Contact**

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# PART B

## 2023 Autumn Statement and Policy Statement

34. On 22 November 2023 the Chancellor of the Exchequer delivered the 2023 Autumn Statement. Prior to the announcement there were calls for additional funding to support the much publicised pressures councils are experiencing, especially in respect of Children's Social Care. However, this was not forthcoming and the Statement included very little on the funding for local authorities. In fact, the Chancellor stated that the Public Sector would have to reduce in size and further productivity savings would be expected.

35. The Statement did announce new Devolution Deals and Investment Zones, although it's important to note that such deals, at any level, focus on regional growth and investment and do not usually provide additional funding for core services.

36. The Statement was accompanied by an announcement the preceding day that the National Living Wage from April 2024 will increase from the current level of £10.42 an hour to £11.44, an increase of 9.8% which will have a significant impact on the costs of Social Care services and will also be a significant factor in the setting of local government pay levels for 2024/25 onwards.

37. On 5 December 2023 the Government issued a Policy Paper on the Local Government Finance Settlement 2024/25. This paper confirmed a number of assumptions that had been used in the drafting of the new MTFS:

    - Core council tax referendum threshold at 3% and the adult social care precept referendum threshold at 2% for all authorities responsible for adult social care services.
    - The approach set out at last year's Settlement for other grants such as the New Homes Bonus will continue, except the Services Grant which may need to be reduced to fund the minimum increase in Core Spending Power set out below.
    - 3% increase in Core Spending Power before taking any local decisions on council tax levels.
    - No fundamental reforms to the system.

38. More worryingly, in respect of future financial sustainability was the inclusion of the statement 'The government asks authorities to continue to consider how they can use their reserves to maintain services over this and the next financial year, recognising that not all reserves can be reallocated, and that the ability to meet spending pressures from reserves will vary between authorities'.

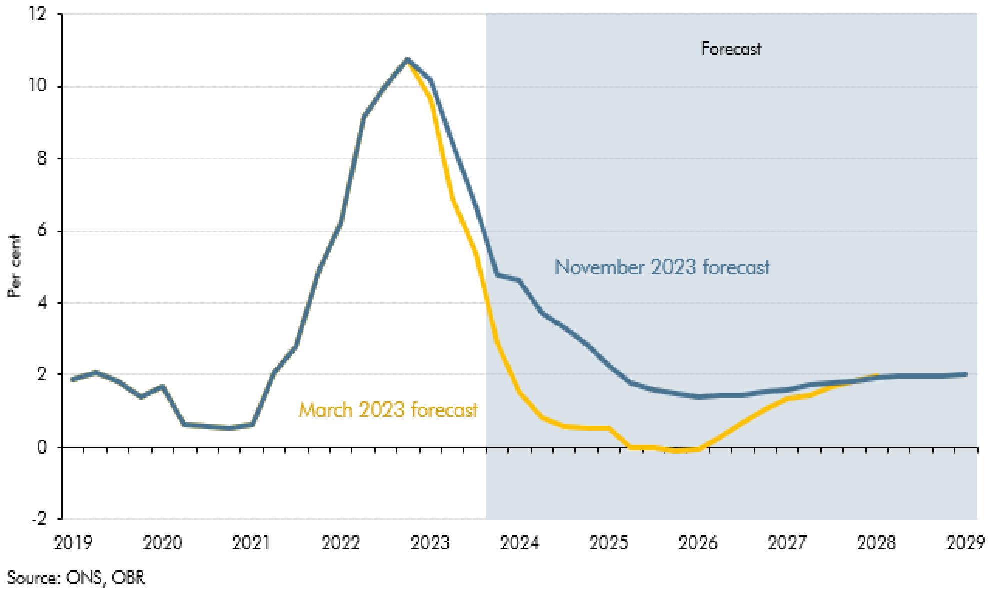
39. For Councils concerned about their ability to set or maintain a balanced budget the government will consider representations from councils, including on council tax provision. The statement also made reference to the Exceptional Finance Support framework for those Councils with a specific and evidenced financial concern.

## National Context

40. 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 rising demand and cost within social care and special education needs services. Covid -19 and more recently high levels of inflation have further exacerbated the financial problems. Whilst inflation levels are now starting to fall, the increases experienced are built into the base position and ongoing increases above the Bank of England's 2% target will continue to have an adverse impact.

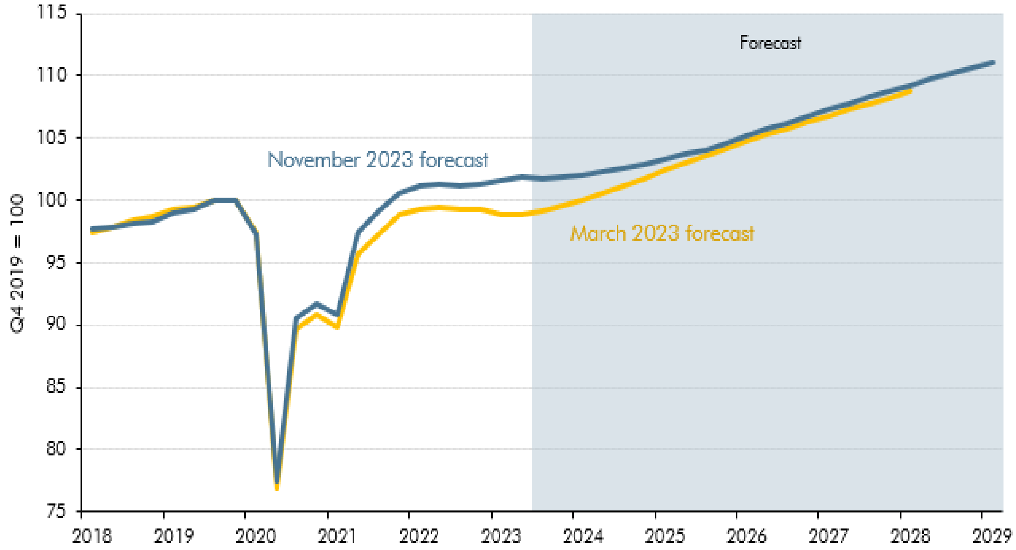
41. The Office for Budget Responsibility's (OBR's) latest economic forecast (November 2023) shows that inflation (see Graph 1) is expected to be just under 5% by the end of 2023 but is unlikely to fall below 2% until the back end of 2025.

**Graph 1 – Inflation**




42. In terms of the size of the economy, based on the latest data, it was 1.8% above what it was at the end of 2021. This is a significant improvement on what had been forecast back in March due to the economy being more resilient than previously anticipated. This improvement can be seen in Graph 2 below. However, GDP growth is currently still weak. It was zero in the last quarter and is forecast to be just 0.1% in this quarter. Real term wage cuts, high interest rates and the unwinding of Government support are the key drivers of this. Nonetheless, GDP is expected to pick up with current forecasts of a 1.4% increase in 2025 and an average of 1.9% in the following 3 years.

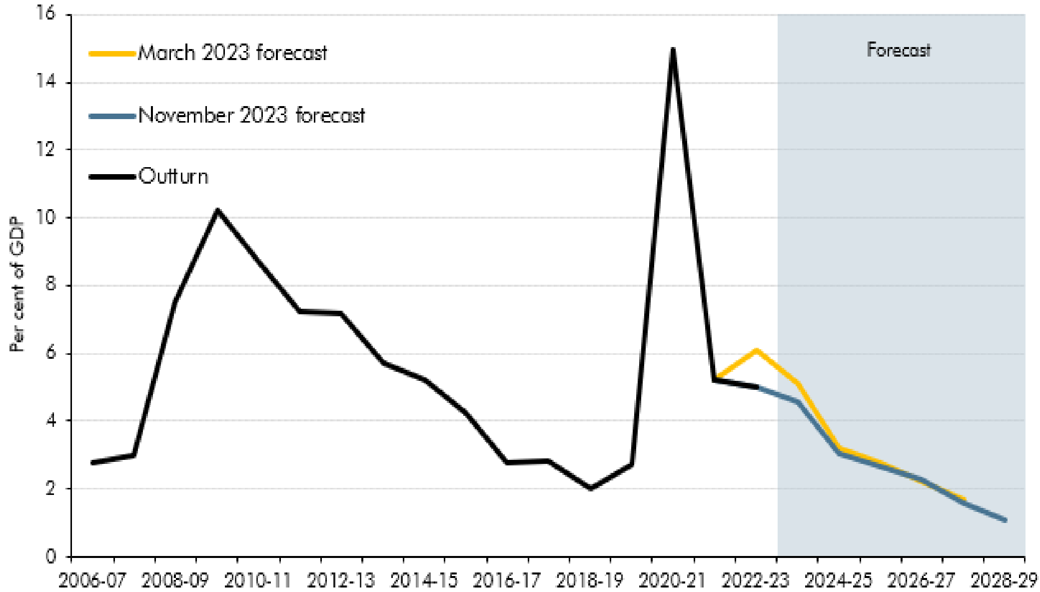
**Graph 2 – GDP forecast**




Source: ONS, OBR

43. Graph 3 shows that borrowing is forecast to be 5% of GDP in the current year but that it will fall to just over 1% by 2028/29 which is close to what was forecast back in March. The forecast reduction over the period is driven by the expected increases in tax revenues as a result of higher earnings, reductions in government expenditure as a percentage of GDP and reducing interest payments from their peak.

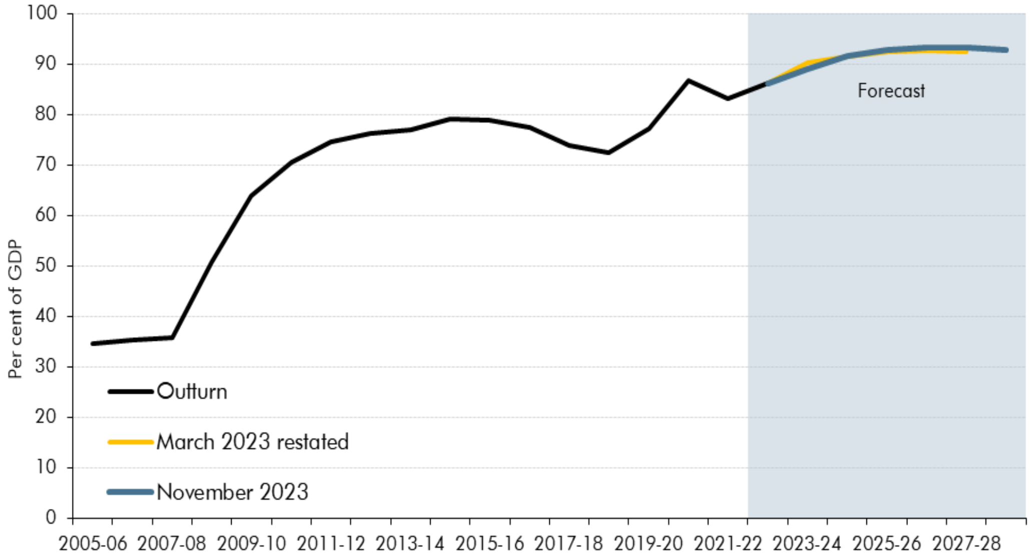
**Graph 3 Public Sector Net Borrowing**




Source: ONS, OBR

44. Underlying debt is forecast to increase from 84.9% of GDP last year to around 93% by the end of the forecast period and is unchanged from March forecasts. This is shown in Graph 4 below

**Graph 4 Public Sector Net Debt**




Note: For March 2023 forecast restated, the denominator is the latest nominal GDP outturn in 2022-23 grown forward using our March 2023 forecast.
Source: ONS, OBR

45. The Autumn Statement has provided no support for the increasing financial challenges faced across the local government sector. This is despite the Office of Budget Responsibility warning "*Given local authorities' statutory duty to provide a range of services where demand is likely to continue to grow, for example adult and child social care, pressure on local authority finances and services will continue*".

46. There have been some high-profile casualties recently within local government, Birmingham City most significant amongst them, but Nottingham City more recently. It is anticipated that there will further local authorities struggling to create a balance budget for 2024/25.

**Local Government Finance Settlement**

47. The 2024/25 provisional Local Government Finance Settlement is due to be released later in December 2023 (around 18$^{th}$/19$^{th}$). 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.

48. The Government's spending review period only covers 2022/23 and 2023/24, consequently the 2024/25 Settlement will only provide details for one year.

49. The MTFS is based on the following assumptions:

- The County Council will receive around £10m additional funding in 2024/25 for Social Care offset by reductions to the Services Grant (£1.0m) and to the New Homes Bonus Grant (£0.5m).
- Core Council Tax increases of 2.99% in 2024/25 and 2025/26.
- The flexibility for the Adult Social Care precept will be taken to provide an increase of 2% in 2024/25 and 2025/26 giving totals of 4.99% in both years.

- For 2026/27 and 2027/28 a total (core council tax plus ASC precept) of 2.99% is assumed.
- No changes to the current Business Rates retention scheme for 2024/25; a partial 50% “reset” is now assumed in 2025/26. Additional section 31 grant is expected to be received to offset the effects of the 2023 revaluation, the freezing of the small business rates multiplier and the continuation of discounts and reliefs to some sectors.
- Specific grants are not reduced by the awarding Government department.

50. These assumptions will be reviewed and updated as appropriate based on the provisional Settlement.

51. 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 2024/25 may not be confirmed in the current financial year and the ongoing implications are subject to significant uncertainty.

**Spending Power**

52. 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 2023/24 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.

53. In compensation for these reductions, additional specific funding streams have increased. Although a degree of certainty would be expected from having no RSG, Government continues to raise the possibility of “negative RSG”.

Core Spending Power table (since 2015/16) Leicestershire County Council

| | 15/16 £m | 16/17 £m | 17/18 £m | 18/19 £m | 19/20 £m | 20/21 £m | 21/22 £m | 22/23 £m | 23/24 £m |
|---|---|---|---|---|---|---|---|---|---|
| Settlement Funding Assessment: RSG | 56.2 | 37.0 | 19.5 | 8.5 | 0.0 | 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 | 68.2 | 75.1 |
| Council Tax | 233.4 | 247.5 | 263.1 | 285.5 | 301.6 | 319.3 | 336.9 | 351.6 | 374.1 |
| Improved BCF* | 0.0 | 0.0 | 9.5 | 12.4 | 14.8 | 17.2 | 17.2 | 17.7 | 17.7 |
| New Homes Bonus | 3.3 | 4.3 | 4.1 | 3.7 | 3.7 | 3.7 | 2.6 | 2.1 | 1.2 |
| Transition Grant | 0.0 | 3.3 | 3.3 | 0.0 | 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 | 0.0 |
| Winter Pressures Grant** | 0.0 | 0.0 | 0.0 | 2.4 | 2.4 | 0.0 | 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 | 33.2 |
| Market Sustainability | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1.6 | 5.7 |
| ASC Discharge Fund | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.5 |
| Services Grant | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 4.3 | 2.5 |
| Grants rolled in # | 1.0 | 1.3 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 0.0 |
| Core Spending Power | 354.4 | 350.8 | 361.8 | 376.1 | 390.7 | 418.8 | 437.2 | 466.6 | 512.0 |

* 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.
# Independent Living Fund grant – will form part of Social Care Grant from 2023/24.

54. The table shows that 'core spending power' increased in cash terms by £158m (44%) from 2015/16 to 2023/24. However, most of that increase relates to Council Tax which had increased by £141m (a 60% increase), while Business Rates showed a 24% increase and Government grant only 4%. With inflation historically running at circa 3% each year, and rising above 10% in 2022/23, the overall 44% increase represents a relatively small real terms increase but provides little allowance for increasing populations, the above inflation increases to the National Living Wage 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.

55. 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 some years.

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. Given annual Government announcements on funding, 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 2010's. 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 £125m per year better off, or if funded at the same level as Camden, £600m.

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 shows the main specific grants received. Several have not been confirmed, even for 2024/25, 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.

**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 6.7% in 2024/25, in line with the CPI in September 2023, and that the increase will be partly received in the form of additional section 31 grant from the Government, as the Chancellor of the Exchequer has frozen the “poundage” charged to “small” businesses for 2024/25 at 2023/24 levels and has also extended reliefs to some sectors of the economy.

67. No growth in the Business Rates base has been assumed other than the inflationary increase above.

68. 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. The Local Government Finance Settlement in December 2022 confirmed that the reset would be deferred again until at least 2025/26. When the reset does take place it will result in councils losing their share of accumulated growth. For the County Council this is projected to amount to around £10m per annum, and the income to the Leicester and Leicestershire Business Rates Pool (of which the County Council would receive around a third, subject to agreement of the Pool members) would reduce by circa £20m.

69. 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 allows for the surplus to be shared between the County Council, Leicester City Council and the seven District Councils. An estimate of £6.5m has been included in 2024/25 for the County Council's share of that year's levies, which forms part of the figure of £15m shown as the budgeted contribution to the Budget Equalisation reserve, to be used for economic priorities.

70. In total £74m has been retained in Leicestershire between 2013/14 and 2022/23, due to the success of the Business Rates Pool, with a further potential surplus for the pool of £18.6m forecast in 2023/24.

71. The partners will decide in January 2024 on whether to continue with the Pool in 2024/25. Due to the level of accumulated surplus, continued pooling in 2024/25 is expected to remain beneficial compared to not being in a pool, despite the wider economic challenges.

**<u>Council Tax</u>**

72. 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 permitted for County Councils for 2024/25. In addition, they will be permitted to raise an additional 2% to fund adult social care (the adult social care precept).

73. 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 £3.7m to the County Council. The 2024/25 draft budget assumes a 4.99% increase, which would cost each household in a band D property the following:

| **Council Tax (Band D Property)** | **Main (Core)** | **ASC Precept** | **Total** |
|---|---|---|---|
| Increase | 2.99% | 2.00% | 4.99% |
| Cost Per Week | £0.88 | £0.58 | £1.46 |

74. This contributes significantly towards achieving a balanced budget. If this increase was not taken more service cuts would be the inevitable consequence. A recent survey by the County Council Network indicated that nine out of ten County Councils were planning to increase Council Tax by 4.99%.

75. The draft MTFS is based on a Council Tax increase of 4.99% in 2025/26 also but reducing to 2.99% in each subsequent year. Subject to Government announcements there may 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 in each refresh of the MTFS in future years.

76. Council Tax base growth appears to be higher than anticipated in the current MTFS and the draft MTFS assumes increases of 1.2% in 2024/25 and 1.5% in subsequent years. Provisions will be reviewed when the 2024/25 tax bases and collection fund forecasts have been received from the district councils in January 2024. Any changes will be reflected in the report to the Cabinet 9 February 2024.

**Budget Consultation**

77. The County Council undertakes an annual consultation on the draft budget. The results of this consultation will be reported to the Cabinet meeting on 9 February 2024. Information is available on the County Council's website http://www.leicestershire.gov.uk/budget-pressures-find-out-more. The consultation period runs from 19 December 2023 until 17 January 2024. During that time comments on the Council's budget proposals can be submitted.

78. 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 12 June and 10 September 2019, the outcome of which was reported to the Cabinet on 22 November 2019.

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.

**2024/25 - 2027/28 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 2024/25 budget excluding DSG is detailed in Appendix B.

| Provisional Budget | 2024/25 £m | 2025/26 £m | 2026/27 £m | 2027/28 £m |
|---|---|---|---|---|
| Services including inflation | 518.6 | 572.0 | 610.5 | 650.3 |
| Add growth | 46.3 | 27.0 | 27.0 | 27.0 |
| Less savings | -11.8 | -9.9 | -9.2 | -4.9 |
| | 554.1 | 589.1 | 628.3 | 672.3 |
| Central Items | 6.1 | 12.8 | 16.5 | 18.3 |
| Add growth | 0.2 | 0.0 | 0.0 | 0.0 |
| Less savings | -0.1 | 0.0 | 0.0 | 0.0 |
| | 559.3 | 601.9 | 644.8 | 690.6 |
| Contributions to/from: | | | | |
| Budget Equalisation earmarked reserve | 15.0 | 8.1 | 7.4 | 7.2 |
| General Fund | 1.0 | 1.0 | 1.0 | 1.0 |
| **Total Spending** | **575.3** | **611.0** | **655.2** | **698.8** |
| | | | | |
| Funding | | | | |
| Business Rates | -97.9 | -89.1 | -85.7 | -87.1 |
| Council Tax | -400.1 | -424.8 | -444.0 | -464.1 |
| Central Grants | -65.4 | -63.8 | -63.1 | -63.1 |
| **Total Funding** | **-563.4** | **-577.7** | **-592.8** | **-614.3** |
| | | | | |
| **Shortfall** | **11.9** | **33.3** | **60.4** | **84.5** |

82. The MTFS shows a shortfall of £12m in 2024/25, which at this stage is assumed will need to be met by a transfer from the Budget Equalisation earmarked reserve. There are shortfalls of £33m in 2025/26 rising to £85m in 2027/28. As set out in the following section there is a range of initiatives currently being developed that will aim to bridge the gap.

83. The Council maintains a range of earmarked reserves which are held to cover identified risks or for specific future projects. The Budget Equalisation reserve is held as contingency for the risks and uncertainties in the Medium-Term Financial Strategy and to smooth the impact of budget gaps across the strategy. After accounting for the £12m required for the 2024/25 gap, this reserve does not have a sufficient balance to fund the gap currently forecast for 2025/26 and so urgent attention will need to be given to identifying further savings or income generation opportunities that can be delivered from 2025/26 onwards.

**Savings and Transformation**

84. The Council is not optimistic that additional government funding may be made available to reduce the gaps outlined in the previous paragraph, so it is clear that significant additional savings will still be required on top of the £36m that have been identified, £12m of which are to be made in 2024/25.

85. This is a challenging task, especially given that savings of £262m have already been delivered over the last fourteen 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.

86. 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 2024. The main proposed four-year savings are:

- Children and Family Services (£13.5m). This includes savings of £5.0m from smarter procurement and contract re-negotiations on social care placements, £3.1m from reduced care costs through growth of internal family-based placements, £2.0m from the second phase of the defining CFS for the future programme and £1.5m from the innovation partnership.
- Adults and Communities (£13.4m). This includes £4.0m from increased Better Care Fund income, £3.3m from implementation of digital assistive technology to service users and £1.3m from improving outcomes from the Homecare Assessment and Reablement Team and Community Response Service.
- Public Health (£0.9m) from the review and redesign of several service areas.
- Environment and Transport (£4.5m). Savings include £1.2m from the SEN transport lean review and £0.7m from extended producer responsibility for packaging.
- Chief Executive’s Department (£0.3m). This includes savings from reviews of several service areas and additional income.
- Corporate Resources (£3.2m). This includes savings of £1.0m from ICT efficiencies, £0.8m from the ways of working office programme and £0.6m from the customer and digital programme.

87. Of the £36m identified savings, efficiency savings and additional income accounts for £34m, and can be grouped into four main types:

a) Service re-design and delivery (£16m)
b) Better commissioning and procurement (£11m)
c) Senior management and administration (£1m)
d) Additional Income (£6m)

88. Further savings or additional funding will be required to close the budget shortfall of £33m in 2025/26 rising to £85m in 2027/28.

89. It is estimated that the overall savings requirement would lead to a reduction of around 200 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. Demand management in the Council’s social care services will be critical to achieving a balanced MTFS and may help minimise the impact on employees.

90. 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.

91. 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.

92. The MTFS also includes the High Needs Block Development Plan which is reducing costs through increasing 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 £41.5m are planned over the MTFS period.

93. Despite these savings, the High Needs Block deficit continues to grow and is an increasing concern. Further details are provided in the Dedicated Schools Grants section of the report below.

**Transforming the way we work – Strategic Change**

94. The Council's strategic change portfolio currently encompasses more than 150 change initiatives, projects and programmes of varying size, scale, and complexity. These initiatives collectively contribute to meeting the savings targets outlined in the existing MTFS.

95. Furthermore, in addition to the agreed MTFS savings and associated initiatives, a significant focus of the strategic change portfolio is directed towards identifying, designing, and implementing additional opportunities for change. This primarily involves developing new savings to be incorporated into the future MTFS, fostering a culture of continuous service improvement, and facilitating the achievement of key strategic outcomes.

96. Several substantial cross-cutting change programmes have emerged to enhance the efficiency of the authority. The Prevention Review programme involves a systemic examination of prevention activities undertaken across the authority and its partners, aiming to reduce unnecessary expenditures and alleviate demand on higher-cost services. The Customer programme focuses on streamlining and modernizing customer contact through automation and technology. The Sustainable Support Services Programme will ensure the optimal allocation of internal support resources and processes to enhance compliance and reduce costs. The Council is also fully embedding the Ways of Working programme, striking the right balance between home, office, and remote working. This initiative will maximise the utilisation of council property and technology to drive improvements in productivity and efficiency and cost.

97. Given the scale of the financial challenge, focus will be needed to prioritise resources on the change initiatives that will have the greatest impact, and work is

already underway to do this. Savings targets will also be identified for the corporate projects identified above.

## Financial Control Measures

98. Given the increasingly challenging financial outlook there is a need to ensure that financial controls are tightly operated and additional measures introduced to restrict expenditure.

99. In particular the areas of focus are on:
- Recruitment
- Use of Agency staff
- Overtime
- Mobile phones
- Procurement
- Grant funding
- A range of other non-essential spend including use of consultants, advertising and promotions, conferences, travel/subsistence and levels of stock holdings

100. Reviews will be undertaken within these areas to identify where spend can be reduced and stopped. Also new approvals around areas such as recruitment and procurement will be required to be signed off by Departmental Directors and/or approved by corporate oversight boards.

101. These controls will be kept under review and consideration will be given to stepping them up or down as required, subject to the Council's financial position and expected reliance on reserves.

## Growth

102. Over the period of the MTFS, growth of £127m is required to meet demand and service pressures with £48m required in 2024/25. The main elements of growth are:

- Children and Family Services (£41.3m). This is mainly due to £39.8m for pressures on the Social Care placements budget arising from increased numbers of Looked After Children, predominantly unaccompanied asylum seeking children, alongside significant increases in cost of placements for children looked after and care leavers.
- Adult Social Care (£46.0m). This is largely the result of an ageing population with increasing care needs and increasing numbers of people with learning disabilities.
- Environment and Transport (£11.0m). This mainly relates to increased service user numbers and costs for Special Educational Needs (SEN) transport.
- Corporate Growth (£28.7m). 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 four-year MTFS.

103. Details of proposed growth to meet spending pressures are shown in Appendix E.

**Inflation**

104. The Government's preferred measure of inflation is the CPI. In October 2023 this was 4.6%. The Office for Budget Responsibility (OBR) expects inflation to fall over 2024 to 3.6% at the end of that year and to fall below the 2% target by the end of 2025.

105. However, the Council's cost base does not always reflect CPI. Energy and fuel increases, for example, have a much more significant impact. It is also anticipated that a significant element of the inflation being seen in 2023 will not impact on the Council's costs until 2024 due to factors such as contract renewal lagging behind headline inflation rates and forward purchasing of energy. The draft MTFS therefore assumes 4.5% inflation in 2024/25 and 3% per annum in later years.

106. The impact of the National Living Wage (NLW) is particularly significant. The NLW will rise from £10.42 to £11.44 in April 2024, an increase of 9.8%. 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.

107. The main local government pay awards in 2023/24 have been based on full-time staff receiving an increase of £1,925 up to Grade 13. In addition, the first Grade has been assimilated to the first point of the next Grade, equating to a 10.4% increase for those staff on the first Grade. Staff on Grades 14 to 17 have received an increase of 3.88% and those on Grades 18 and above have received 3.5%. The average across the whole pay scale is around 6.2%. The MTFS provides for an estimated average pay award increase of 6.0% in 2024/25, with higher percentage increases in lower grades, as in the 2023/24 pay award. The forecast has been increased following the announcement of the National Living Wage level from April 2024. The MTFS assumes average increases of 3.5% in 2025/26 and later years.

108. The latest Leicestershire Local Government Pension Scheme (LGPS) triennial actuarial assessment indicates that there is not a requirement to increase the employer contribution rate in subsequent years. The position will be reviewed in future MTFS refresh exercises.

109. Detailed service budgets for 2024/25 are compiled on the basis of no pay or price increases. A central contingency for inflation is to be held, which will be allocated to services as necessary.

**Central Items**

110. Interest income relating to Treasury Management investments is budgeted at £14.0m in 2024/25 and is estimated to reduce to £3.0m by 2027/28 as balances are reduced to fund internal borrowing for the capital programme and interest rates are expected to fall.

111. Capital financing costs are budgeted at £17.4m in 2024/25 and £17.1m in 2025/26 and are then expected to rise to £17.8m in 2026/27 and £18.6m in 2027/28, as a result of the increasing financing requirement for the capital programme.

112. Central grant income in the 2023/24 budget totalled £55.5m. The projected total of £65.4m in 2024/25 reflects the following changes:

- £5.1m additional Social Care Grant
- £2.9m additional Market Sustainability and Improvement Fund (MSIF) grant announced alongside the 2023 Local Government Settlement
- £2.1m from the Workforce Fund (part of MSIF)
- £1.2m Independent Living Fund grant from Adults and Communities
- (£1.0m) reduction to the Services Grant
- (£0.5m) reduction to the New Homes Bonus Grant.

113. The 2024 Local Government Finance Settlement should give more details on these grants.

**Health and Social Care Integration**

Better Care Fund (BCF)

114. Health and Social Care Integration continues to be a national government priority. 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.

115. 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.

116. 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 two-year policy framework for the implementation of the BCF in 2023/24 and 2024/25 on 4 April 2023. NHS England will approve BCF plans in consultation with DHSC and DLUHC.

117. The four national conditions set by the Government in the BCF policy framework for 2023/25 are:

1 Plans to be jointly agreed.
2 Enabling people to stay well, safe and independent at home for longer.
3 Provide the right care in the right place at the right time.
4 Maintaining NHS's contribution to adult social care and investment in NHS commissioned out of hospital services.

118. The Adult Social Care Discharge Fund for 2023/24 and 2024/25 will be pooled into local BCF plans (as required by the grant conditions) and Section 75 agreements which are the agreements between the NHS and the Council underpinning the pooling. The funding will be provided through grants to local authorities and allocations via Integrated Care Boards (ICB).

119. The Adult Social Care Discharge Fund announced for 2023/24 had specific conditions and reporting requirements as set out in the grant determination published on 4 April 2023. These included that the grant could not be substituted to fund existing activities. The funding conditions and individual allocations for 2024/25 are yet to be announced, but the total value of the grant nationally was announced by DLUHC on 5th December and there is a 66% increase on 2023/24 funding. However, there has been no indication of later years funding and therefore additional activities undertaken must be able to deliver benefits quickly and resources can only be procured on a short-term basis.

120. The value of BCF funding for Leicestershire in 2023/24 and 2024/25 is shown in the table below:

| | 2023/24 £m | 2024/25 £m | |
|---|---|---|---|
| NHS Minimum Allocation | 48.8 | 51.5 | Level mandated by NHS England |
| Discharge Fund | 4.8 | 8.5 | Allocated to both ICBs and local authorities to support safe and timely discharge from hospitals |
| IBCF | 17.7 | 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 | 4.8 | 4.8 | Passed to district councils |
| **Total BCF Plan** | **76.1** | **82.5** | |

121. In 2024/25, £22.9m of the NHS minimum allocation into the BCF will be 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.

122. In addition to the required level of funding for sustaining social care service provision, in 2024/25 a further £7.9m of Leicestershire's BCF funding has been allocated for social care commissioned services. These services are aimed at improving carers' health and wellbeing, safeguarding, mental health discharge, dementia support and crisis response.

123. The balance of the NHS Minimum Allocation £20.7m is allocated for NHS commissioned out-of-hospital services. The County Council commissions community care services on behalf of the NHS through shared care and joint funding arrangements. The Council is reviewing these arrangements alongside the provision of Continuing Health care and Funded Nursing care to ensure residents are receiving optimal care and it is funded appropriately.

124. 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.

**<u>Other Grants and Funds</u>**

125. There are a number of other specific grants included in the MTFS, most of which are still to be announced for 2024/25, for example:

- Public Health – the 2024/25 indicative allocation is £27.4m.
- Pupil Premium – estimated £5.6m.
- Education & Skills Funding Agency – estimated £5.2m.
- Universal Infant Free School Meals – estimated £2.5m.
- Music Education Hubs Grants – estimated £1.5m.
- Troubled Families – estimated £1.4m.
- Section 31 Business Rates (Government funding for caps on business rates growth and other Government measures) – an estimate of £16.7m has been included pending the Local Government Finance Settlement.
- New Homes Bonus – £0.8m assumed for 2024/25, before ceasing in 2025/26, pending the Local Government Finance Settlement.
- Network North (Bus improvement) - £4.1m
- Bus Service Improvement Plan (BSIP+) £1.8m

**<u>Dedicated Schools Grant Settlement 2024/25</u>**

<u>Schools Block</u>

126. 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 between authorities.

127. The DfE has taken further steps towards the full implementation of the NFF in 2024/25 by requiring local authorities to move within 10% of that nationally set NFF levels and only use these factors within their local funding formula. This has required Leicestershire to seek permission to continue to fund rental costs in some small schools and maintain the approach to funding schools undertaking and affected by age range changes by adjusting pupil numbers which has been in place since 2013. With these exceptions, assuming approval from the DfE, the Leicestershire funding formula remains in accordance with the NFF.

128. The 2024/25 Schools Block provisional DSG settlement is £516.0m, a per pupil increase of 1.85%. The provisional allocation is based upon the 2022 October school census. The settlement will be updated to the October 2023 school census and reissued within the next month.

129. Whilst the NFF for schools is based upon the 2023 School Census, funding for local authorities is based upon the pupil characteristics recorded in the 2022 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 2023 Census has been received. The national regulations allow for an adjustment to the Minimum Funding Guarantee which can be used in conjunction with capping and scaling within the school funding formula to ensure the budgets for schools are affordable within the Schools Block DSG.

130. The DfE published provisional DSG allocations in July and then issued a revised and reduced funding NFF settlement in October to reflect an error it had made in its pupil forecast. However, the revised forecast still delivers a guaranteed minimum increase of 0.5% per pupil. The minimum per pupil funding levels are £4,665 per primary and £6,050 per secondary pupil.

131. 34 primary schools and 1 secondary school are expected to be funded at the funding floor leaving them vulnerable to changes in future levels of DfE protection. As the funding guarantee is at pupil level, schools with decreases in pupil numbers will see an overall decrease in budget allocation.

132. 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 The DfE has changed the funding methodology for the grant and introduced minimum funding requirements linked to payment by place rather than by block allocations. This has in turn required a new policy to be adopted which links the payment rates received within the grant allocation to the payments made to schools. The revised policy was considered and approved by the Schools Forum on 21 November 2023 and will be applicable to school growth from April 2024. The grant is estimated to be £2.95m.

133. 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 2024/25 but may need to be considered for future years as a result of the high needs financial position.

High Needs

134. The structure of the High Needs NFF is unchanged from 2023/24 and the provisional settlement at £108.4m and a 3% increase per head of population. However, it should be noted that the population factor accounts for just £38.7m (36%) of the settlement figure meaning that 64% of the formula is subject to no uplift unlike the schools NFF where all funding factors have been increased for 2024/25.

135. Leicestershire remains at the funding floor i.e. the application of the high needs NFF would generate a lower settlement without this protection. The NFF remains unresponsive to changes in the overall SEN population:

- £10.1m (9%) of the NFF is driven by the number pupils in special school and independent school places
- £31.8m (28%) of the formula relates to historic spend from 2017/18, this was £58.4m compared to a forecast spend of £121.2m for 2023/24.
- £2.8m (3%) of the formula is from the funding floor.

136. There is no indication of whether the high needs NFF will be reviewed although there is an expectation of national tariffs arising from the SEND and Alternative Provision Action Plan. There is no indication of timescales for any associated funding changes and the only reference within the Settlement is ‘….by the end of 2025, the department [DfE] will have made progress towards introducing a national framework of banding and price tariffs. It is unlikely that any changes to the funding structure, and indeed the method by which local authorities are funded, will be implemented before the 2027 financial year. Additionally given that the NFF for mainstream schools commenced in 2018 and remains unfinished, funding change in this financially and politically sensitive area could be many years away.

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

| | 2024/25 £,000 | 2025/26 £,000 | 2026/27 £,000 | 2027/28 £,000 |
|---|---|---|---|---|
| High Needs Dedicated Schools Grant | -108,752 | -112,005 | -115,356 | -118,807 |
| | | | | |
| Placement Costs | 120,046 | 132,764 | 146,779 | 162,245 |
| Other HNB Cost | 10,844 | 11,444 | 11,444 | 11,444 |
| Commissioning Cost - New Places | 162 | 0 | 0 | 0 |
| Invest to Save Project Costs - TSIL | 939 | 939 | 939 | 939 |
| **Total Expenditure** | **131,991** | **145,147** | **159,162** | **174,628** |
| | | | | |
| **Funding Gap Pre Savings** | **23,239** | **33,141** | **43,806** | **55,821** |
| | | | | |
| TSIL Programme Defined Opportunities | -3,788 | -10,976 | -19,195 | -27,666 |
| Increase in Local Specialist Places | -2,480 | -5,995 | -9,868 | -13,803 |
| | | | | |
| **Total Savings** | **-6,268** | **-16,972** | **-29,063** | **-41,469** |
| | | | | |
| **Annual Revenue Funding Gap** | **16,972** | **16,170** | **14,743** | **14,351** |
| | | | | |
| **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** | **6,683** | | | |
| **2023/24 High Needs Estimated Deficit** | **13,966** | | | |
| | | | | |
| **Cummulative High Needs Funding Gap** | **66,471** | **82,640** | **97,384** | **111,735** |

138. Currently local authorities are required to carry forward DSG deficits in an unusable reserve through the continued use of a Statutory Accounts override and may only now contribute to DSG with the approval of the Secretary of State. The accounts override legislation is confirmed until March 2026 when it is expected to end. Unless further legislation changes this, from this point local authorities will be required to make financial provision for the deficit.

139. It is nationally recognised that additional funding alone will not address the financial difficulties, many of which are created by a system where school and parental expectations have a greater influence than a local authority assessment of needs, appropriate provision and affordability. It is clear that policy changes are needed. At the continued 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 are successful, but additional measures put in place to reduce both demand and costs.

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 £3.9m for 2024/25.

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.

Early Years Block

142. The DfE has announced additional early years DSG to extend early years entitlements. In addition to the offer of the Free Entitlement to Early Education (FEEE) of 15 hours for 38 weeks per year for 3 and 4 year olds, the existing 2-year-old entitlement to 15 hours of free childcare for eligible children of disadvantaged parents expands to include to 15 hours of free childcare for eligible children of working parents starting from April 2024 for 2 year olds and September 2024 for children aged between 9 months and 2 years old.

143. Whilst the Early Years DSG settlement has yet to be published funding rates of £4.77 per hour has been confirmed for the 3 – 4 year olds and £7.07 for 2 year olds.

## 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 2023/24 is £20m which represents 3.5% of the net budget (excluding schools' delegated budgets). It is planned to increase the General Fund to £24m by the end of 2027/28 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.
- Regulatory issues 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.
- High levels of inflation

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 year, 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 year relates to significant resource requests to deal with operational pressures and service changes. If the contingency is not required resources will be directed to reducing the revenue gaps in later years, or 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.

149. The type and forecast level of earmarked reserves, based on current information, is shown below.

| **Category of Reserve** | **Forecast balance by 31st March 2024 £m** |
|---|---|
| Risk | 62.0 |
| Capital Projects | 101.0 |
| Revenue Projects | 6.6 |
| General | 1.7 |
| Partnerships | 6.9 |
| Ring-fenced Grants | 10.4 |
| DSG Deficit | (40.0) |
| **Total forecast Earmarked Reserves** | **148.6** |

150. There is funding available within the budget equalisation reserve of £12m to offset the forecast 2024/25 MTFS budget deficit.

151. 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 2022/23, reported no issues.

**Adequacy of Earmarked Reserves and Robustness of Estimates**

152. The Local Government Act 2003 requires the Director of Corporate Resources to report on the adequacy of reserves, and the robustness of the estimates included in the budget.

153. The financial environment continues to be challenging with a number of known major risks over the next few years as set out in this report.

154. When setting the MTFS prudent and realistic estimates have been used for core assumptions. The following table provides a summary of the impact of changes to those key assumptions:

| Impact of (+ or -) | Likelihood | Equates to (+ or -) |
|---|---|---|
| 1% Council Tax | Low | £3.7m |
| 1% Business Rates growth | Medium | £0.5m |
| 1% Pay award (excludes staff funded from specific grant (e.g. Dedicated Schools Grant, Public Health etc.) | Medium | £2.0m |
| 1% Non-pay budget | Medium | £1.6m |
| 1% ASC demand growth | Medium | £1.8m |

155. Having taken account of the overall control framework, budget provisions included to support the delivery of transformation, growth to reflect spending pressures, the inclusion of a contingency for MTFS risks and the earmarked reserves and balances of the County Council, assurance can be given that the estimates are considered to be robust and the earmarked reserves are adequate.

156. The overall financial position remains challenging. However, the first two years of the MTFS, with a real organisational focus, are deliverable. The focus needs to be on both delivering savings and managing demand.

157. The scale of the continued growth in demand for social care, compounded by high inflation, is the main cause of the County Council’s financial pressures. Another major challenging issue facing the Council is the cumulative SEND deficit. A well-resourced programme is in place that recognises the need to get the service into financial balance. The Council will need to ensure delivery of the programme is a key priority.

**Concluding Comments – Revenue Position**

158. The draft MTFS shows a £12m gap in 2024/25 (subject to further issues such as the Local Government Settlement) which can be met from earmarked reserves. There is a financial gap of £33m in 2025/26 rising to £85m by 2027/28.

159. 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.

160. 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 2023/24 is uncertain.

161. 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. The Council is also seeing increased complexity in the type of care that is required which is further increasing costs.

162. 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.

163. In additional 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 £49m of funding related to the BCF. Even a partial loss of this funding would be difficult to manage.

164. 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.

165. The growing deficit on the high needs budget/ DSG reserve, to £112m by the end of the MTFS period, is a major concern. Work through the transforming special needs and inclusion in Leicestershire (TSIL) programme will help but further actions will be required.

166. 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 over the last year many, like Leicestershire, have been publicly stating that their budgets are under unprecedented pressures. The number of Section 114 Notices issued by Section 151 Officers continues to grow and many commentators are saying that it will soon be the case that relatively well-run authorities will have to go down that route.

167. 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 even more essential now that the focus on medium term financial planning and strong financial discipline is maintained.

168. 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 cost control, especially 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 other public sector partners shifting to local authorities, and loss of trading income.

169. Before a further MTFS report is considered by the Cabinet on 9 February 2024 the provisional MTFS will be reviewed and the overall position will be updated in light of the response to the consultation, the latest budget monitoring position for 2023/24 and Government announcements, including the Local Government Finance Settlement.

## Capital Programme 2024/25 to 2027/28

170. 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 section106 developer contributions and other external funding agencies;
- No or limited prudential borrowing (only if the returns exceed the borrowing costs).

171. The draft capital programme totals £449m over the four years to 2027/28, 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.

172. The draft programme and funding are shown below.

Draft Capital Programme 2024-28

| | 2024/25 £m | 2025/26 £m | 2026/27 £m | 2027/28 £m | Total £m |
|---|---|---|---|---|---|
| Children and Family Services | 41.0 | 37.5 | 7.8 | 3.5 | 89.8 |
| Adults and Communities | 6.4 | 4.9 | 6.1 | 4.8 | 22.2 |
| Environment and Transport | 81.0 | 54.5 | 38.9 | 35.4 | 209.8 |
| Chief Executive’s | 0.1 | 0.1 | 0.0 | 0.0 | 0.2 |
| Corporate Resources | 2.8 | 1.9 | 1.8 | 3.4 | 9.9 |
| Corporate Programme | 35.3 | 19.9 | 23.2 | 38.4 | 116.8 |
| **Total** | **166.6** | **118.8** | **77.8** | **85.5** | **448.7** |

Capital Resources 2024-28

| | 2024/25 £m | 2025/26 £m | 2026/27 £m | 2027/28 £m | Total £m |
|---|---|---|---|---|---|
| Grants | 40.4 | 50.0 | 38.9 | 43.0 | 172.3 |
| Capital Receipts from sales | 24.4 | 2.9 | 1.0 | 3.8 | 32.1 |
| Revenue/ Reserve Contributions | 84.1 | 24.4 | 0.1 | 0.1 | 108.7 |

| | | | | | |
|---|---|---|---|---|---|
| External Contributions | 17.7 | 18.2 | 5.8 | 0.5 | 42.2 |
| **Total** | **166.6** | **95.5** | **45.8** | **47.4** | **355.3** |
| | | | | | |
| **Funding Required** | **0.0** | **23.3** | **32.0** | **38.1** | **93.4** |

173. 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.

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

| | |
|---|---|
| Service Improvements | £259m |
| Invest to Save | £73m |
| Investment for Growth | £62m |
| Future Developments/ Risk Contingency | £55m |
| **Total** | **£449m** |

## Funding and Affordability

### Forward Funding

175. 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. £9m in forward funding has been included in the proposed capital programme (in addition to £11m in previous years). Of this total, £5m has already been repaid, £3m is estimated to be repaid by 2027/28 and has been included in the new MTFS period, with the balance of £12m to be repaid after 2028. 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.

176. 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.

177. 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 received.

178. A key determinant in generating sufficient developer contributions is the approach taken by the district council, as the local 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.

179. 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.

180. 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.

181. 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

182. 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**

183. Grant funding for the capital programme totals £172m across the 2024-28 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

184. 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 2024/25 £3.1m and 2025/26 £17m. No details have been announced for future years. An estimate of £1m has been used for 2026/27 to 2027/28.

b) Strategic Capital Maintenance – this grant provides the maintenance funding for the maintained school asset base. Details of the grant for 2024/25 and future years have not yet been announced. An estimate of £2m per annum is included in the capital programme.

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 is included in the MTFS, based on the number of maintained schools.

Adult Social Care

185. Capital funding for the Disabled Facilities Grant (DFG) programme has not yet been announced. An estimate in line with previous years, £4.8m per annum, has been included in the capital programme.

Environment and Transport

186. The main DfT grants have been announced for 2024/25 and although allocations for later years haven't been announced yet, 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 (including funding for Pot Holes) - £7.9m p.a. (£31.6m overall).

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

- Melton Mowbray North & East Distributor Road - £5.5m (balance of £49m overall grant awarded in earlier years).
- DfT Network North Funding – £31m estimated in the MTFS. Allocations for 2023/24, and 2024/25 have been confirmed (£2.3m in each year) with allocations for later years yet to be announced but expected to increase over time. This is new additional highways maintenance funding announced in October 2023, for 2023/24 and the next 10 years for local road resurfacing and wider maintenance activity on the local highway network. In total this could be c.£130m over 11 years

188. As DfT grant allocations are expected to continue and increase year on year it may be possible to accelerate funding to earlier years. This will be subject to approval by the Director of Corporate Resources that funding is available.

**Capital Receipts**

189. The generation of capital receipts is a key priority for the County Council. The draft capital programme includes an estimate of £32m across the four years to 2027/28.

190. 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. The estimate also includes the planned sale of some investments in Pooled Property Funds, a prudent estimate of £5.6m has been included.

**Revenue / Earmarked Funds/ Contributions**

191. To supplement the capital resources available and avoid the need for borrowing, £109m of revenue/ reserves funding is being used to fund the programme consisting of:

| | |
|---|---:|
| Departmental reserves | £1m |
| Capital financing reserve | £108m |
| **Total** | **£109m** |

192. The capital financing reserve temporarily holds revenue contributions to fund the capital programme until they are required. Other funding sources to the capital that contain restrictions are maximised before using the capital financing reserve.

**External Contributions and Earmarked Capital Funds**

193. A total of £42m is included in the funding of the capital programme 2024-28. This relates to section 106 developer contributions, including an estimated £3m in section 106 receipts relating to forward funded capital schemes over the next four years.

**Funding from Internal Balances**

194. A total of £93m 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 £15m of this funding will be repaid through the associated developer contributions. This shortfall in funding has been reduced by £29m, from the £122m that is included in the current MTFS 2023-27. The main changes are withdrawal of the Melton Mowbray Distributor Road South project and increased funding to the capital programme mainly from the Council's share of the 2022/23 Business Rates Pool levies.

195. 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 2%.

196. The overall cost of using internal balances to fund £93m 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 would be around £7.5m 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 £2m per annum. But because of the uncertainty on interest rates, this position will be kept under review as part of the treasury management strategy.

197. The County Council's current level of external debt is £220m. 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**

198. Over the period of the MTFS, a capital programme of £449m is required of which £167m is planned for 2024/25. The main elements are:

- Children and Family Services - £90m. 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.
- Adults and Communities - £22m. The programme includes £19m relating to the Disabled Facilities Grant (DFG) programme and schemes for the Social Care Investment Plan (SCIP).
- Environment and Transport - £210m. This relates to: Major Schemes such as Melton Mowbray Distributor Road North East, Zouch Bridge replacement as well as the Transport Asset Management Programme and the Environment and Waste Programme. Other significant projects include Melton Depot replacement and the vehicle replacement programme.
- Chief Executive's - £0.2m, for a Legal case management system.
- Corporate Resources - £10m. Investment in ICT, Transformation, Property and Environmental projects.
- Corporate Programme - £117m. This includes Investment in the Investing In Leicestershire Programme (IILP) £62m (subject to business case), the Future Developments fund £40m (subject to business cases), and a Major Schemes Portfolio risk fund of £15m.

199. Details of the proposed capital programme are shown in Appendix F to this report.

**Investing in Leicestershire Programme**

200. The Council directly owns and manages properties, including Industrial, Office and County Farms as part of the Investing in Leicestershire Programme (IILP). 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). The fund is held for the purposes of supporting the delivery of various economic development objectives and is also income generating so makes a contribution to the Council's overall financial position. The aims of the IILP 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).

201. A total fund of £217m is forecast to be held by the end of 2023/24. Over the MTFS period the following changes have been included:

- £59m – additional investment in MTFS 2024-28 capital programme (excluding general improvement investment)
- (£9m) – sale of direct property held and pooled property funds
- (£8m) – net change in maturing indirect investments held

202. These will bring the total held to £260m (based on historic cost). Annual income returns are currently around £8m and are forecast to increase to £10m by the end of the MTFS period (and higher in later years), contributing ongoing net income for the Council.

**Capital Summary**

203. The capital programme totals £449m over the four years to 2027/28. 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 £9m (£20m cumulative including prior years).

204. 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.

205. Overall £93m 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 £7.5m per annum, on the basis of internal borrowing.

206. 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 investments will yield returns in line with the business case.

207. A significant portion of the programme enables revenue savings; delays or unsuccessful schemes will directly affect the revenue position.

208. 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

209. The County Council is acting as Accountable Body in relation to the establishment and ongoing activity of the East Midlands Freeport (EMF). The Freepost has been in operation since March this year and the various governance documents required are in their final stages of completion.

210. 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 commercial loan capped at £4m. Capacity funding has also been received from DLUHC. By the end of the current financial year it is expected that around £2.7m of the £4m will have been drawn down. However, 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**

211. 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.

212. 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.

213. A high-level Equalities and Human Rights Impact assessment of the MTFS 2023-27 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.

214. This assessment will be revised and updated for the new MTFS 2024-28 and included in the proposed MTFS to the Cabinet in February 2024. 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.

215. 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 2019 and March 2023 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.

216. 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.

217. If as a result of undertaking an assessment, potential negative impacts are identified, these will be subject to further assessment.

218. 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

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

**Environmental Implications**

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

**Partnership Working and Associated Issues**

221. 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**

222. 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 22nd February 2023: Medium Term Financial Strategy 2023-27
https://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=6913&Ver=4

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

**Appendices**

Appendix A: Four Year Revenue Budget 2024/25 to 2027/28
Appendix B: 2024/25 Revenue Budget
Appendix C: Savings 2024/25 to 2027/28
Appendix D: Savings under Development
Appendix E: Growth 2024/25 to 2027/28
Appendix F: Capital Programme 2024/25 to 2027/28

**APPENDIX A**

## 2024/25 - 2027/28 REVENUE BUDGET *

| Spending | TOTAL 2023/24 £000 | Inflation/ Contingencies /Transfers £000 | Growth £000 | Savings £000 | TOTAL 2024/25 £000 | Inflation/ Contingencies /Transfers £000 | Growth £000 | Savings £000 | TOTAL 2025/26 £000 | Inflation/ Contingencies /Transfers £000 | Growth £000 | Savings £000 | TOTAL 2026/27 £000 | Inflation/ Contingencies /Transfers £000 | Growth £000 | Savings £000 | TOTAL 2027/28 £000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Services :** | | | | | | | | | | | | | | | | | |
| Children & Family Services | **100,772** | 2,540 | 16,100 | -2,305 | **117,107** | | 7,850 | -4,090 | **120,867** | | 8,540 | -3,650 | **125,757** | | 8,820 | -3,500 | **131,077** |
| Adults & Communities | **186,882** | 21,153 | 24,295 | -6,445 | **225,885** | | 7,195 | -1,770 | **231,310** | | 7,435 | -3,860 | **234,885** | | 7,095 | -1,325 | **240,655** |
| Public Health ** | **-1,806** | 0 | 0 | -800 | **-2,606** | | | -90 | **-2,696** | | | | **-2,696** | | | | **-2,696** |
| Environment & Transport | **93,412** | 4,897 | 5,575 | -940 | **102,944** | 500 | 2,295 | -2,225 | **103,514** | | 1,305 | -1,195 | **103,624** | | 1,780 | -115 | **105,289** |
| Chief Executives | **14,909** | 571 | 345 | -300 | **15,525** | | | -15 | **15,510** | | | -10 | **15,500** | | | -10 | **15,490** |
| Corporate Resources | **35,523** | 2,061 | 0 | -1,010 | **36,574** | | | -1,665 | **34,909** | | | -495 | **34,414** | | | | **34,414** |
| | **429,692** | 31,222 | 46,315 | -11,800 | **495,429** | 500 | 17,340 | -9,855 | **503,414** | 0 | 17,280 | -9,210 | **511,484** | 0 | 17,695 | -4,950 | **524,229** |
| DSG (Central Dept recharges) | **-2,285** | | | | **-2,285** | | | | **-2,285** | | | | **-2,285** | | | | **-2,285** |
| Growth Contingency | **1,000** | -1,000 | | | **0** | | 9,660 | | **9,660** | | 9,720 | | **19,380** | | 9,305 | | **28,685** |
| Service Reduction Contingency | **900** | -900 | | | **0** | | | | **0** | | | | **0** | | | | **0** |
| Fair Cost of Care / Adult Social Care Reforms | **4,600** | -4,600 | | | **0** | | | | **0** | | | | **0** | | | | **0** |
| MTFS Risks Contingency | **10,000** | 0 | | | **10,000** | -2,000 | | | **8,000** | | | | **8,000** | | | | **8,000** |
| Contingency for inflation/ Living Wage | **41,765** | 8,235 | | | **50,000** | 20,350 | | | **70,350** | 21,350 | | | **91,700** | 21,950 | | | **113,650** |
| | **485,672** | 32,957 | 46,315 | -11,800 | **553,144** | 18,850 | 27,000 | -9,855 | **589,139** | 21,350 | 27,000 | -9,210 | **628,279** | 21,950 | 27,000 | -4,950 | **672,279** |
| **Central Items:** | | | | | | | | | | | | | | | | | |
| Financing of capital | **19,500** | -2,100 | | | **17,400** | -300 | | | **17,100** | 700 | | | **17,800** | 800 | | | **18,600** |
| Revenue funding of capital | **6,545** | -6,495 | | -50 | **0** | | | | **0** | | | | **0** | | | | **0** |
| Bank & other interest | **-13,600** | -400 | | | **-14,000** | 7,000 | | | **-7,000** | 3,000 | | | **-4,000** | 1,000 | | | **-3,000** |
| Central expenditure | **2,535** | 95 | 150 | -80 | **2,700** | | | | **2,700** | | | | **2,700** | | | | **2,700** |
| **Total Services & Central Items** | **500,652** | 24,057 | 46,465 | -11,930 | **559,244** | 25,550 | 27,000 | -9,855 | **601,939** | 25,050 | 27,000 | -9,210 | **644,779** | 23,750 | 27,000 | -4,950 | **690,579** |
| Contributions to budget equalisation earmarked fun | **10,400** | | | | **15,000** | | | | **8,100** | | | | **7,400** | | | | **7,200** |
| Contributions to/from General Fund | **1,000** | | | | **1,000** | | | | **1,000** | | | | **1,000** | | | | **1,000** |
| **Total Spending** | **512,052** | | | | **575,244** | | | | **611,039** | | | | **653,179** | | | | **698,779** |
| **Funding** | | | | | | | | | | | | | | | | | |
| Revenue Support Grant (new burdens) | **-27** | | | | **-30** | | | | **-30** | | | | **-30** | | | | **-30** |
| Business Rates - Top Up | **-40,527** | | | | **-43,240** | | | | **-44,540** | | | | **-45,250** | | | | **-45,930** |
| Business Rates Baseline/Retained | **-27,997** | | | | **-31,490** | | | | **-27,450** | | | | **-22,970** | | | | **-23,460** |
| S31 grants - Business Rates | **-12,090** | | | | **-16,660** | | | | **-17,160** | | | | **-17,440** | | | | **-17,700** |
| Business Rates Pool - share of Levy | **0** | | | | **-6,500** | | | | **0** | | | | **0** | | | | **0** |
| Council Tax Precept | **-374,208** | | | | **-397,710** | | | | **-423,820** | | | | **-443,040** | | | | **-463,130** |
| Council Tax Collection Fund net deficit / (surplus) | **-1,687** | | | | **-2,400** | | | | **-1,000** | | | | **-1,000** | | | | **-1,000** |
| New Homes Bonus Grant | **-1,257** | | | | **-800** | | | | **0** | | | | **0** | | | | **0** |
| Improved Better Care Grant etc. | **-14,190** | | | | **-14,190** | | | | **-14,190** | | | | **-14,190** | | | | **-14,190** |
| Social Care Grant | **-32,012** | | | | **-38,274** | | | | **-38,274** | | | | **-38,274** | | | | **-38,274** |
| Services Grant | **-2,404** | | | | **-1,500** | | | | **-750** | | | | **0** | | | | **0** |
| ASC Market Sustainability & Improvement Fund | **-5,653** | | | | **-10,563** | | | | **-10,563** | | | | **-10,563** | | | | **-10,563** |
| **Total Funding** | **-512,052** | | | | **-563,357** | | | | **-577,777** | | | | **-592,757** | | | | **-614,277** |
| **VARIANCE** | **0** | | | | **11,887** | | | | **33,262** | | | | **60,422** | | | | **84,502** |
| *Band D Council Tax* | *£1,525.46* | | | | *£1,601.58* | | | | *£1,681.50* | | | | *£1,731.78* | | | | *£1,783.56* |
| *Increase* | *4.99%* | | | | *4.99%* | | | | *4.99%* | | | | *2.99%* | | | | *2.99%* |

* provisional for 2025/26 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**

## 2024/25 REVENUE BUDGET

| Spending | Base including inflation £000 | Growth £000 | Savings £000 | TOTAL 2024/25 £000 |
|---|---|---|---|---|
| **Services :** | | | | |
| Schools * | | | | 0 |
| Children & Family Services | 103,312 | 16,100 | -2,305 | 117,107 |
| Adults & Communities | 208,035 | 24,295 | -6,445 | 225,885 |
| Public Health ** | -1,806 | 0 | -800 | -2,606 |
| Environment & Transport | 98,309 | 5,575 | -940 | 102,944 |
| Chief Executives | 15,480 | 345 | -300 | 15,525 |
| Corporate Resources | 37,584 | 0 | -1,010 | 36,574 |
| | 460,914 | 46,315 | -11,800 | 495,429 |
| DSG (Central Dept recharges) | -2,285 | | | -2,285 |
| MTFS Risks Contingency | 10,000 | | | 10,000 |
| Contingency for inflation/ Living Wage | 50,000 | | | 50,000 |
| | 518,629 | 46,315 | -11,800 | 553,144 |
| **Central Items:** | | | | |
| Financing of capital | 17,400 | | | 17,400 |
| Revenue funding of capital | 50 | | -50 | 0 |
| Bank & other interest | -14,000 | | | -14,000 |
| Central expenditure | 2,630 | 150 | -80 | 2,700 |
| **Total Central Items** | 6,080 | 150 | -130 | 6,100 |
| | | | | |
| **Total Services & Central Items** | **524,709** | **46,465** | **-11,930** | **559,244** |
| | | | | |
| Contributions to budget equalisation earmarked reserve | | | | 15,000 |
| Contributions to General Fund | | | | 1,000 |
| | | | | |
| **Total Spending** | | | | **575,244** |
| | | | | |
| **Funding** | | | | |
| Revenue Support Grant (new burdens) | | | | -30 |
| Business Rates - Top Up | | | | -43,240 |
| Business Rates Baseline/Retained | | | | -31,490 |
| S31 grants - Business Rates | | | | -16,660 |
| Business Rates Pool - share of Levy | | | | -6,500 |
| Council Tax Precept | | | | -397,710 |
| Council Tax Collection Fund net deficit / (surplus) | | | | -2,400 |
| New Homes Bonus Grant | | | | -800 |
| Improved Better Care Grant etc. | | | | -14,190 |
| Social Care Grant | | | | -38,274 |
| Services Grant | | | | -1,500 |
| ASC Market Sustainability & Improvement Fund | | | | -10,563 |
| **Total Funding** | | | | **-563,357** |
| **VARIANCE** | | | | **11,887** |
| | | | | |
| *Band D Council Tax* | | | | *£1,601.58* |
| *Increase* | | | | *4.99%* |

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

**APPENDIX C**

# SAVINGS

**References used in the following tables**

* items unchanged from previous Medium Term Financial Strategy
** items included in the previous Medium Term Financial Strategy which have been amended
Eff - Efficiency saving
SR - Service reduction
Inc - Income

| | | | | 2024/25 £000 | 2025/26 £000 | 2026/27 £000 | 2027/28 £000 |
|---|---|---|---|---|---|---|---|
| | | | **CHILDREN & FAMILY SERVICES** | | | | |
| ** | CF1 | Eff | Innovation Partnership - Creation of Assessment & Resource team and Hub and investment in residential accommodation | -1,000 | -1,250 | -1,500 | -1,500 |
| * | CF2 | Eff | Departmental establishment modelling / Re-design | 0 | -440 | -940 | -940 |
| ** | CF3 | Eff | Defining CFS For the Future Programme - Phase 2 (including Dept. Eff. Savings) | -200 | -1,100 | -1,700 | -2,300 |
| ** | CF4 | SR | Education Quality & Therapeutic Services Review | -355 | -355 | -355 | -355 |
| | CF5 | Eff | Reduced Care Costs through growth of internal family based placements | -750 | -1,250 | -2,100 | -3,100 |
| | CF6 | Eff | Defining CFS For the Future Programme 3: Smarter commissioning and procurement - Social Care Placements and externally commissioned services | 0 | -1,900 | -3,200 | -4,950 |
| | CF7 | Eff | SEND Service - Demand reduction and reduced tribunals | 0 | -100 | -250 | -400 |
| | | | **TOTAL** | **-2,305** | **-6,395** | **-10,045** | **-13,545** |
| | | | **ADULTS & COMMUNITIES** | | | | |
| | | | **Adult Social Care** | | | | |
| ** | AC1 | Inc | Increased income from fairer charging and removal of subsidy / aligning increases | -200 | -300 | -400 | -500 |
| * | AC2 | Eff | Implementation of digital assistive technology to service users | -1,250 | -1,250 | -3,250 | -3,250 |
| * | AC3 | Eff | Establishment Review following implementation of TOM programme | -500 | -500 | -500 | -500 |
| * | AC4 | Eff | Review of Mental Health pathway and placements | 0 | 0 | -200 | -200 |
| ** | AC5 | Inc | Increased BCF income from annual uplift | -1,000 | -2,000 | -3,000 | -4,000 |
| * | AC6 | Eff | Direct Payments commissioning efficiencies | -500 | -500 | -500 | -500 |
| ** | AC7 | Eff | Commissioning and implementation of revised Extra Care model | -130 | -130 | -130 | -130 |
| * | AC8 | Inc | Review of Mental Health Section 117 funding arrangements | -250 | -250 | -250 | -250 |
| * | AC9 | Eff | Improve consistency in hourly rates for DP's and promote use of personal assistants | -200 | -360 | -360 | -360 |
| ** | AC10 | Eff | Improving outcomes from homecare assessment and reablement team (HART) / community response service (CRS) | -1,270 | -1,270 | -1,270 | -1,270 |
| * | AC11 | Eff | Alignment of HART/CRS services | -50 | -50 | -50 | -50 |
| * | AC12 | Eff | Reprovision of in house day services | -150 | -150 | -150 | -150 |
| | AC13 | Eff | Three Conversations Model | -500 | -500 | -500 | -500 |
| | AC14 | Eff | Transforming Commissioning (Extra Care) | -60 | -160 | -240 | -315 |
| | AC15 | Eff | Transforming Commissioning (Block Beds) | -50 | -170 | -300 | -450 |
| | AC16 | Eff | Transforming Commissioning (Alternatives to homecare) | -100 | -350 | -700 | -700 |
| | AC17 | Eff | Mental Health rehabilitation and recovery | -160 | -160 | -160 | -160 |
| | | | **Total ASC** | **-6,370** | **-8,100** | **-11,960** | **-13,285** |
| | | | **Communities and Wellbeing** | | | | |
| * | AC18 | Eff/SR | Implementation of revised service for communities and wellbeing | 0 | -40 | -40 | -40 |
| * | AC19 | SR | Review Green Plaque service | -25 | -25 | -25 | -25 |
| * | AC20 | Inc/Eff | Review charging for Creative Learning Services | -50 | -50 | -50 | -50 |
| | | | **Total C&W** | **-75** | **-115** | **-115** | **-115** |
| | | | **TOTAL A&C** | **-6,445** | **-8,215** | **-12,075** | **-13,400** |
| | | | **PUBLIC HEALTH** | | | | |
| * | PH1 | Eff/SR | Redesign of integrated lifestyle service pathways | -100 | -100 | -100 | -100 |
| * | PH2 | Eff/SR | Review of Commissioned services | 0 | -90 | -90 | -90 |
| * | PH3 | SR | Internal Infrastructure (physical activity) | -100 | -100 | -100 | -100 |
| * | PH4 | Eff/SR | Review approach to homelessness support | -300 | -300 | -300 | -300 |
| * | PH5 | SR | Review schools sustainable food award and gold food accreditation. | -150 | -150 | -150 | -150 |
| * | PH6 | SR | Review Sport & Physical Activity programmes | -150 | -150 | -150 | -150 |
| | | | **TOTAL** | **-800** | **-890** | **-890** | **-890** |
| | | | **ENVIRONMENT & TRANSPORT** | | | | |
| | | | **Highways & Transport** | | | | |
| * | ET1 | Eff/Inc | Street Lighting - design services to developers and installation of street lighting on their behalf | -10 | -10 | -10 | -10 |

# SAVINGS

**References used in the following tables**

* items unchanged from previous Medium Term Financial Strategy
** items included in the previous Medium Term Financial Strategy which have been amended
Eff - Efficiency saving
SR - Service reduction
Inc - Income

| | | | | 2024/25 £000 | 2025/26 £000 | 2026/27 £000 | 2027/28 £000 |
|---|---|---|---|---|---|---|---|
| ** | ET2 | Eff | Assisted Transport Programme | 0 | -860 | -1,210 | -1,210 |
| ** | ET3 | SR | Review application of subsidised bus policy, post Covid | 0 | -400 | -400 | -400 |
| ** | ET4 | Inc/SR | Review approach to Park and Ride | 0 | -200 | -400 | -400 |
| ** | ET5 | Eff/SR | Street Lighting - review energy reduction options, including reduced operation times | -280 | -280 | -280 | -280 |
| | ET6 | SR | Ending of HS2 Programme | -280 | -280 | -280 | -280 |
| | ET7 | Inc | Network Management incl. TTRO | -295 | -295 | -295 | -295 |
| | | | **Total** | **-865** | **-2,325** | **-2,875** | **-2,875** |
| | | | **Environment & Waste** | | | | |
| * | ET8 | Eff/Inc | E&T Continuous Improvement Programme - review of processes and potential income across a range of services | -10 | -10 | -10 | -10 |
| * | ET9 | Eff/Inc | Recycling & Household Waste Sites (RHWS) service approach | 0 | -110 | -110 | -110 |
| ** | ET10 | Inc | Trade Waste income | 0 | -45 | -90 | -90 |
| ** | ET11 | SR | Review RHWS provision | -5 | -400 | -400 | -400 |
| | ET12 | Eff/Inc | Extended Producer Responsibility for Packaging | 0 | -345 | -745 | -745 |
| | ET13 | Eff/Inc | Food Waste Implementation | 0 | 130 | -70 | -185 |
| | ET14 | Eff/Inc | Residual Waste Treatment | -60 | -60 | -60 | -60 |
| | | | **Total** | **-75** | **-840** | **-1,485** | **-1,600** |
| | | | **TOTAL E&T** | **-940** | **-3,165** | **-4,360** | **-4,475** |
| | | | **CHIEF EXECUTIVE** | | | | |
| * | CE1 | SR/Eff | Staffing (vacancy control and agency reduction) | -50 | -50 | -50 | -50 |
| * | CE2 | Inc | Planning, Historic and Natural Environment - fee income | -25 | -25 | -25 | -25 |
| * | CE3 | Inc | Democratic Services income | -5 | -10 | -10 | -10 |
| | CE4 | Eff | Democratic Services Staffing Review | -15 | -15 | -15 | -15 |
| | CE5 | SR | Civic Hospitality Review | -20 | -20 | -20 | -20 |
| | CE6 | Eff | Trading Standards Review | -15 | -25 | -35 | -45 |
| | CE7 | Inc | Police and Crime Panel Contribution | -50 | -50 | -50 | -50 |
| | CE8 | Inc | Registrars fees and income | -120 | -120 | -120 | -120 |
| | | | **TOTAL** | **-300** | **-315** | **-325** | **-335** |
| | | | **CORPORATE RESOURCES** | | | | |
| * | CR1 | Eff/Inc | Ways of Working - Use of office space | -70 | -780 | -780 | -780 |
| * | CR2 | Inc | Increase returns from Investing in Leicestershire Programme (IILP) | -100 | -100 | -100 | -100 |
| * | CR3 | Inc | Place to Live - Accommodation income | -40 | -40 | -40 | -40 |
| * | CR4 | Eff | Customer & Digital Programme | -110 | -640 | -640 | -640 |
| * | CR5 | Eff | Operational Finance process improvement | -50 | -100 | -100 | -100 |
| * | CR6 | Eff | Transformation Unit efficiencies | 0 | 0 | -70 | -70 |
| * | CR7 | SR | Sale of Castle House | -15 | -15 | -15 | -15 |
| ** | CR8 | Eff | Energy Initiatives | -50 | -100 | -100 | -100 |
| * | CR9 | Eff | ICT Efficiencies | -300 | -600 | -1,025 | -1,025 |
| ** | CR10 | Eff/SR | Reduce Property running costs | -35 | -60 | -60 | -60 |
| | CR11 | Eff | Review of Mobile Phones Tariff | -90 | -90 | -90 | -90 |
| | CR12 | Eff | Insurance claims management benefit | -150 | -150 | -150 | -150 |
| | | | **TOTAL** | **-1,010** | **-2,675** | **-3,170** | **-3,170** |
| | | | **CENTRAL ITEMS** | | | | |
| * | CI1 | Inc | Growth in ESPO income | -80 | -80 | -80 | -80 |
| * | CI2 | SR | Review of Shire Grants programme | -50 | -50 | -50 | -50 |
| | | | **TOTAL** | **-130** | **-130** | **-130** | **-130** |
| | | | **TOTAL SAVINGS including additional income** | **-11,930** | **-21,785** | **-30,995** | **-35,945** |
| | | | **MTFS net shortfall - savings required** | **-11,887** | **-32,362** | **-60,422** | **-84,502** |
| | | | **£12m gap in 24/25 assumed met via earmarked reserves** | **11,887** | | | |

# SAVINGS

**References used in the following tables**

*  items unchanged from previous Medium Term Financial Strategy
** items included in the previous Medium Term Financial Strategy which have been amended
Eff - Efficiency saving
SR - Service reduction
Inc - Income

| | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **TOTAL SAVINGS REQUIRED - EXCLUDING DSG** | **-11,930** | **-54,147** | **-91,417** | **-120,447** |
| **Dedicated Schools Grant - Deficit reduction activity** | | | | |
| Transforming SEND & Inclusion in Leicestershire (TSIL) Programme defined opportunities | -3,790 | -10,975 | -19,195 | -27,665 |
| Increase in Local Specialist Places | -2,480 | -5,995 | -9,870 | -13,805 |
| | **-6,270** | **-16,970** | **-29,065** | **-41,470** |
| **TOTAL SAVINGS REQUIRED - INCLUDING DSG** | **-18,200** | **-71,117** | **-120,482** | **-161,917** |

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**APPENDIX D**

# 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

Expand Establishment Modelling & Dynamic Modelling
Following Delivery of Establishment Modelling within the Defining Programmes in localities, there may be an opportunity to expand the approach across the department. Dynamic resourcing models identify any surplus/under-utilised resources that can be reprioritised in other localities or applicable services.

Section 106 Process Review
Potential to automate part of the S106 process to reduce staffing requirements and ensure all related costs are charged against the S106 funding.

Centralisation of Budgets
Centralise of some non-staffing budgets and bringing in tighter process controls to reduce overspends. The first call on these savings though will be to reduce existing budget pressures (to avoid growth) and address prior year gaps in department efficiencies.

Defining CFSF – Next Phases
At a very early stage, but ideas for potential savings are being considered in a number of areas including partnership approach to reducing referrals, reducing duplication and Commissioning and Planning – support across key areas to implement new processes, which will deliver value for money and volume discounts on an ongoing basis.

## Adults and Communities

Transitions review
The journey from child to adult social care is commonly described as 'transition.' It begins in Year 9 (age 13/14) and continues up to the age of 25. At present the Department's Young Adult Disability Team works directly with young people from around the age of 17/18. Transition is a process that happens over a period of time, during which services need to work flexibly to ensure each young person's individual circumstances are taken into account when planning the move into adulthood. Working with young people and their representatives, a successful transitions process should provide a near-seamless move between child and adult social care teams, enabling expectations around the process and potential progression to more independent living to be agreed at an earlier point.

It is hypothesised that if more active work is undertaken with young people receiving children's social care, their representatives and social care workers at an earlier age, savings could be achieved by having additional time to work with them to look at ways of reducing need or considering alternative approaches to meet outcomes.

A recent Health needs assessment suggested the Council should consider a 0-25 years' service which is delivered in some council areas. This will also be considered as part of the review.

## 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.

Selling some of the Council's current services to schools and workplaces
This will initially be explored in the County but given the ability of the public health service to deliver services in house, the opportunities to provide services outside Leicestershire could also be explored.

## Environment & Transport

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.

Network Management including Temporary Traffic Regulation Orders (TTROs)
Review of structure and processes within the Network Management Team to ensure consistent application of current Network Management legislation.

Lane Rental
Lane rental scheme is a concept where a local authority can charge commercial firms for works on 'major' parts of the highways network. The aim of this scheme is to minimise the amount of time part of the major network is unavailable due to roadworks 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.

Digitalising Time Sheets
Phasing out of using paper-based timesheets for E&T staff and moving to digital timesheets on electronic devices that can be input directly into Oracle for processing.

Fleet Efficiencies and Improvements
Amalgamation of previous smaller SUD's involving the management and maintenance of the Council fleet, these can be managed as a single initiative to provide greater clarity on benefits tracking. This SUD includes:

- Small Fleet Servicing and Inspection (previous SUD that wasn't progressed)
- In source maintenance on Hire Fleet
- Operational improvements
- Review & Optimise data from R2C (new initiative)

Commercialisation of Highways Operations
Amalgamation of various smaller income generation SUDs that can be managed as a single initiative to provide greater clarity on benefits tracking. This SUD includes:

- Developer Shop (including Travel Planning and Planning Performance Agreements)
- Highways Shop
- Outsourcing vehicle access construction
- Asset sponsorship
- Sign shop income

Focus on establishing and promoting a more commercial approach to operational services that have income generating opportunities. This will be a more longer-term approach and will require further analysis and planning.

Driven Inspections
Utilisation of Artificial Intelligence to identify and categorise defects whilst driving down the carriageway to reduce the input required from Highway Inspectors.

Conversion to Electric Vehicles EV)
Transitioning the fleet to electric vehicles for extensive fuel savings, reduced business mileage costs and a substantial cut in carbon emissions aligns with the Council's 2030 net-zero strategy.

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 optimise these assets with a view to maximising income generation.

Recycling and Household Waste Sites (RHWS)- Income and Service Efficiency
Amalgamation of previously discounted smaller income generation and service efficiency SUDs that can be managed as a single initiative to provide greater clarity on benefits tracking. This SUD includes:

- Burnable waste
- Optimisation of recycling and separation on site
- On site sales/services
- Vehicles ban/restrictions to reduce non household waste
- Persistent Organic Pollutants disposal/haulage cost reduction
- Review of compaction methods
- Reviewing the charging operative role
- Review of staffing numbers on site

## 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. Areas in scope include: Registration Services income/fees, Business Intelligence, Freeport accountable body levy, Ecology and Heritage advice, and Additional Planning, Historic and Natural Environment fee income.

Service Efficiency Programme
Rolling service by service review to identify opportunities for services to be as efficient as possible starting with Democratic, Civic and Member Services. Scoping to commence in autumn 2023. No savings yet identified.

## Corporate Resources

Country Parks
This will include a review of how the cafes within the parks are operated and potentially new cafes being introduced at other country parks (Watermead). The review will also review the amounts and structure of parking charges at the sites.

Property Services Review
Potential opportunities exist through the standardisation, digitalisation and automation of a number of print and mail related processes across LCC. Further efficiencies identified in the way mobile premises support services are structured and delivered. Efficiencies in the delivery of facilities’ hosting and support services at County Hall and reduction in software license costs.

Service Efficiency Programme
Rolling service by service review to identify opportunities for services to be as efficient as possible starting with Operational and Strategic Property Services. Scoping commenced in September 2023. No savings yet identified.

Automation
Development and implementation of automated systems that can remove the need for manual intervention – driving further efficiencies and productivity internally. These systems will be implemented in areas where processes can be readily automated, with a series of proof of concepts being scoped to understand the art of the possible.
It is expected that automation will play a major role in delivery of many change initiatives across the authority.

Tax Opportunities
Third-party consultant providing expertise and resource to review any opportunities for further tax savings across the Council. Change recommendations would mostly be expected to relate to VAT, with payroll taxes thought less likely to be an area where changes can realistically be made.

Reducing the Cost of the property estate

An challenge of every property asset is being undertaken to ensure that the estate is managed effectively and efficiently and that only those assets that are required for the ongoing delivery of strategic plan outcomes are retained.

A systematic geographic review of every asset, scoring it against a number of criteria but not exclusively: cost, condition, maintenance spend and energy to divide the estate into 4 categories:

- Those performing in line with benchmarking criteria.
- Those that meet most criteria e.g. location but require investment in repair and upgrade to meet environmental, energy or regulatory requirements.
- Those where other future service needs, and development is required.
- Building surplus to requirement.

A particular focus will be the cost of Business Rates. An external consultant, with specialist knowledge and experience of dealing with rating reviews, has been commissioned to work alongside the County Council.

Mobile Phone Estate

The number of smartphones and data connections across the authority was increased as a result of changing ways of working throughout the COVID-19 pandemic and beyond as smarter working was made an emphasis through the ways of working programme. There are now around 3000 active data connections across LCC.

With a large number of smartphones coming to the point of being refreshed, a full review is being undertaken to understand if these are all truly needed and to exploit advances in technology (including bring your own phone) to proactively reduce the number of connections and associated capital and revenue costs.

Criteria have been drafted around which functions and roles require a smartphone and is currently being tested to confirm the rationale before applying these changes across the authority.

Commercial Services

Trading circumstances are extremely challenging with high inflationary pressures from pay (including both the corporate pay award and National Minimum Wage increases), goods and energy which are having a significant impact on all businesses. This is putting pressure on target delivery.

Leicestershire Traded Services' (LTS) main customers include schools, through its School Food and Professional Services businesses. Customer budgets remain extremely tight and under significant pressure, resulting in customers making cost savings where they can and also limiting our ability to increase prices in the short term.

Work is being undertaken across all services with a particular focus on School Food, as the largest business. Operating model changes are being implemented to reduce staffing costs by c.£1m by March 2024. Discussions will take place with schools and academies regarding the cost of providing the service considering the recent inflationary impacts. It is expected a cost will be incurred during 24/25 prior to the School Food service returning to a contribution in future years.

Also the potential to increase the cost effectiveness of operations at both Beaumanor Hall and Century Theatre is being investigated.

## Cross Cutting Organisation Wide Programmes

Review of Social care
Given the ever-increasing impact social care services are having on the local authority budget, it is necessary to keep all aspects of the service under fundamental review to mitigate and ultimately reduce the impact of increased level of demand, complexity of need and overall cost of delivery. The specific reviews referenced below will all contribute to this, but there will also need to be work done within each specific service area to complement the benefits of these wider cross cutting reviews and deliver specific improvements to process and practice.

Sustainable Support Services Programme
The sustainable support service programme aims to deliver the vision that Leicestershire County Council has the right tools and most cost effective and efficient level of support to deliver its services. This programme will review the end-to-end support in place within all departments to ensure the right people, right tools, and right support is in place across the council - making the most efficient use of resource, technology and process design to maximise productivity and compliance. The programme will focus on efficiency of back-office functions designed to support the delivery of the wider council’s operations.

Prevention Review
CMT have commissioned a review of Prevention activity across the authority as part of a series of corporate reviews targeted with securing medium-term financial savings for the council to be included in future revisions of the Medium-Term Financial Strategy. The prevention review will take a systemic approach to retaining and investing in prevention activity that offers the best value in reducing demand on the County Council’s high-cost services at the lowest cost.

Potential savings are anticipated through:
- A reduction in prevention-based activity that is unable to evidence future cost and/or demand reduction, particularly impacting on demand for the highest cost services
- The substitution of existing funding for prevention activity through other income
- streams such as grant funding
- The transfer of council activity to other parties
- Increasing efficiency and/or productivity to enable activity to continue at a lower cost
- Possible further investment using savings secured from elsewhere in prevention-based activity that can evidence a reduction in medium-term future spend on top of the investment and are dependent upon sound financial business cases.

A diagnostic exercise is underway that will review the baseline cost of prevention to the organisation, look to benchmark and consider best practice from other organisations around Prevention, and develop recommendations for change based on the principles above.

Customer Programme

The vision for the customer programme is that “People will be able to get what they need from services quicker and easier, the Department will create sustainable and accessible customer interactions across the council”. The programme will develop a future target operating model for how the council interact with its external customers, within this creating clarity around the role of the Customer Service Centre and efficiencies available to departments, changes will be underpinned by:

- The need to deliver services with less money.
- Leveraging digital channels for those that can.
- Ensuring services are accessible; people will be directed to the most appropriate channel to meet their needs.
- Being data driven; any changes the Department makes are measurable and adds value.
- Reducing the steps involved in processes so that its easier for customers to do the things they need to do.

Automation

Development and implementation of automated systems that can remove the need for manual intervention – driving further efficiencies and productivity internally. These systems will be implemented in areas where processes can be readily automated, with a series of proof of concepts being scoped to understand the art of the possible.
It is expected that automation will play a major role in delivery of many change initiatives across the authority.

Data Strategy

Instigation of a data strategy, aligning IT and Business Intelligence to drive a culture of data-led performance management across the Council. Review of the infrastructure, skills roles and responsibilities required to deliver the Data Strategy for the council to improve data management practices and identify where data collection could be improved and/or automated – driving efficiencies.

Work is now underway with officers across all departments to understand strategic drivers and shape the development of the strategy, approach and potential benefits of this important work.

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**APPENDIX E**

# GROWTH

| References | | | 2024/25 £000 | 2025/26 £000 | 2026/27 £000 | 2027/28 £000 |
|---|---|---|---|---|---|---|
| | | **CHILDREN & FAMILY SERVICES** | | | | |
| ** | G1 | Demographic growth & increasing cost of Social Care Placement mix | 13,700 | 21,400 | 30,100 | 39,800 |
| ** | G2 | Front-line social care staff - increased caseloads | 0 | 250 | 250 | 350 |
| | G3 | Post Transforming SEND & Inclusion In Leicestershire(TSIL) sustainability | 1,200 | 1,200 | 1,200 | 1,200 |
| | G4 | Unaccompanied Asylum Seeking Children (UASC) - increased demand/cost | 2,250 | 2,250 | 2,250 | 2,250 |
| | G5 | Demand management | -1,050 | -1,150 | -1,310 | -2,290 |
| | | **TOTAL** | **16,100** | **23,950** | **32,490** | **41,310** |
| | | **ADULTS & COMMUNITIES** | | | | |
| ** | G6 | Older people - new entrants and increasing needs in community based services and residential admissions | 17,080 | 22,640 | 28,425 | 34,505 |
| ** | G7 | Learning Disabilities - new entrants including children transitions and people with complex needs | 7,865 | 11,210 | 14,655 | 18,030 |
| ** | G8 | Mental Health - new entrants in community based services and residential admissions | 2,470 | 3,440 | 4,455 | 5,465 |
| ** | G9 | Physical Disabilities - new entrants in community based services | 2,040 | 2,705 | 3,400 | 4,110 |
| | G10 | Liberty Protection Safeguards Referral Growth | 730 | 730 | 730 | 730 |
| | G11 | Shortfall of ICB/Discharge to Assess Income Support | 3,200 | 3,200 | 3,200 | 3,200 |
| | G12 | Additional Service User Income from new growth to offset costs | -860 | -2,775 | -4,780 | -6,860 |
| | G13 | Additional Health Income from new growth to offset costs | -2,950 | -4,120 | -5,330 | -6,540 |
| | G14 | Increased Service User Income realigning to 2023/24 levels | -2,500 | -2,500 | -2,500 | -2,500 |
| | G15 | Increased Health Income realigning to 2023/24 levels | -600 | -600 | -600 | -600 |
| | G16 | Demand management | -2,180 | -2,440 | -2,730 | -3,520 |
| | | **TOTAL** | **24,295** | **31,490** | **38,925** | **46,020** |
| | | **ENVIRONMENT & TRANSPORT** | | | | |
| | | **Highways & Transport** | | | | |
| ** | G17 | Special Educational Needs transport - increased client numbers/costs | 1,925 | 3,695 | 5,115 | 6,780 |
| | G18 | Social Care Transport - increased journeys and demand | 2,055 | 2,280 | 2,550 | 2,865 |
| | G19 | Highways Maintenance | 555 | 555 | 0 | 0 |
| | G20 | Demand management - E&T Transport | -210 | -230 | -190 | -390 |
| | | **Total** | 4,325 | 6,300 | 7,475 | 9,255 |
| | | **Environment & Waste** | | | | |
| * | G21 | Contribution to Regional Waste Project (temporary growth removed) | -35 | -35 | -35 | -35 |
| * | G22 | Confirm replacement - licensing costs | 40 | 110 | 110 | 110 |
| * | G23 | STADs replacement - licensing costs | 80 | 80 | 80 | 80 |
| | G24 | Waste Upholstered Domestic Seating (WUDS) | 350 | 375 | 375 | 375 |
| | G25 | DIY Waste - loss of income | 380 | 510 | 615 | 615 |
| | | **Total** | 815 | 1,040 | 1,145 | 1,145 |
| | | **Department Wide** | | | | |
| ** | G26 | HGV Driver Market Premia | 435 | 530 | 555 | 555 |
| | | **Total** | 435 | 530 | 555 | 555 |
| | | **TOTAL E&T** | **5,575** | **7,870** | **9,175** | **10,955** |
| | | **CHIEF EXECUTIVES** | | | | |
| | G27 | Trading Standards - additional resources | 150 | 150 | 150 | 150 |
| | G28 | Legal Services - additional Property & Environment Solicitors | 140 | 140 | 140 | 140 |
| | G29 | Legal Services - additional ASC Solicitor | 70 | 70 | 70 | 70 |
| | G30 | Demand management | -15 | -15 | -15 | -15 |
| | | **TOTAL** | **345** | **345** | **345** | **345** |
| | | **CENTRAL ITEMS** | | | | |
| ** | G31 | Financial Arrangements - increased external audit fees | 150 | 150 | 150 | 150 |
| | | **TOTAL** | **150** | **150** | **150** | **150** |
| | | **CORPORATE GROWTH** | | | | |
| ** | G32 | Growth contingency | 0 | 9,660 | 19,380 | 28,685 |
| | | **TOTAL** | **0** | **9,660** | **19,380** | **28,685** |
| | | **TOTAL GROWTH** | **46,465** | **73,465** | **100,465** | **127,465** |
| | | *Overall net additional growth* | | *27,000* | *27,000* | *27,000* |

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

**APPENDIX F**

## CHILDREN & FAMILY SERVICES - CAPITAL PROGRAMME 2024-28

| Estimated Completion Date | Gross Cost of Project £000 | | 2024/25 £000 | 2025/26 £000 | 2026/27 £000 | 2027/28 £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| | | **MAIN GRANT FUNDED PROGRAMME** | | | | | |
| Mar-28 | 63,555 | **Provision of Additional School Places** | **24,401** | **33,487** | **4,967** | **700** | **63,555** |
| | | **SEND Programme** | | | | | |
| Mar-26 | 18,472 | Expansion of Special Schools | 12,650 | 1,250 | 0 | 0 | 13,900 |
| | | **Sub-total - SEND Programme** | **12,650** | **1,250** | **0** | **0** | **13,900** |
| Mar-28 | 8,000 | Strategic Capital Maintenance | 2,000 | 2,000 | 2,000 | 2,000 | 8,000 |
| Mar-28 | 2,000 | Schools Devolved Formula Capital | 500 | 500 | 500 | 500 | 2,000 |
| Mar-28 | 1,200 | Schools Access / Security | 300 | 300 | 300 | 300 | 1,200 |
| Mar-25 | 1,146 | Children's Residential Homes | 1,146 | 0 | 0 | 0 | 1,146 |
| | | **Other Capital** | **3,946** | **2,800** | **2,800** | **2,800** | **12,346** |
| | | | | | | | |
| | | **Overall Total** | **40,997** | **37,537** | **7,767** | **3,500** | **89,801** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | **Future Developments - subject to further detail and approved business cases**<br>Additional School Infrastructure arising from Housing Developments | | | | | |

## ADULTS & COMMUNITIES - CAPITAL PROGRAMME 2024-28

| Estimated Completion Date | Gross Cost of Project £000 | | 2024/25 £000 | 2025/26 £000 | 2026/27 £000 | 2027/28 £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| Mar-28 | 19,404 | Disabled Facilities Grant (DFG) | 4,851 | 4,851 | 4,851 | 4,851 | 19,404 |
| | | | **4,851** | **4,851** | **4,851** | **4,851** | **19,404** |
| | | Social Care Investment Plan (SCIP): | | | | | |
| Mar-27 | 2,758 | SCIP - Extra care schemes | 1,500 | 0 | 1,258 | 0 | 2,758 |
| | | Sub-Total SCIP | **1,500** | **0** | **1,258** | **0** | **2,758** |
| | | Total A&C | **6,351** | **4,851** | **6,109** | **4,851** | **22,162** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | **Future Developments - subject to further detail and approved business cases**<br>Archives, Collections and Learning Hub | | | | | |

## ENVIRONMENT & TRANSPORT - CAPITAL PROGRAMME 2024-28

| Estimated Completion Date | Gross Cost of Project £000 | | 2024/25 £000 | 2025/26 £000 | 2026/27 £000 | 2027/28 £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| | | Major Schemes | | | | | |
| Mar-26 | 116,110 | Melton Distributor Road - North and East Sections | 39,956 | 17,102 | 0 | 0 | 57,058 |
| Mar-26 | 19,925 | Zouch Bridge Replacement - Construction and Enabling Works | 9,614 | 6,856 | 61 | 0 | 16,531 |
| Mar-28 | 10,269 | Advance Design / Match Funding | 1,759 | 2,222 | 2,145 | 1,854 | 7,980 |
| Mar-28 | 4,129 | Leicestershire Cycling Walking Improvements Plan Delivery | 1,404 | 1,404 | 854 | 467 | 4,129 |
| Mar-25 | 9,239 | A511/A50 Major Road Network - Advanced design | 2,068 | 0 | 0 | 0 | 2,068 |
| Mar-25 | 1,958 | Leicester and Leicestershire Integrated Transport Model - Refresh | 297 | 0 | 0 | 0 | 297 |
| | | | **55,098** | **27,584** | **3,060** | **2,321** | **88,063** |
| | | Minor Schemes / Other | | | | | |
| Mar-28 | 13,600 | County Council Vehicle Replacement Programme | 3,700 | 3,357 | 3,110 | 3,436 | 13,603 |
| Mar-25 | 54 | Fleet Services Workshop Oil Distribution System | 54 | 0 | 0 | 0 | 54 |
| Mar-27 | 1,030 | Property Flood Risk Alleviation | 561 | 318 | 151 | 0 | 1,030 |
| Mar-25 | 4,991 | Hinckley Hub (Hawley Road) - National Productivity Investment Fund | 291 | 0 | 0 | 0 | 291 |
| Mar-28 | 1,870 | Safety Schemes | 955 | 234 | 300 | 206 | 1,695 |
| Mar-27 | 2,632 | Externally Funded Schemes | 163 | 269 | 93 | 0 | 525 |
| Mar-27 | 9,643 | Melton Depot - Replacement | 501 | 2,080 | 6,968 | 0 | 9,549 |
| Mar-28 | 400 | Plant renewals | 100 | 100 | 100 | 100 | 400 |
| Mar-27 | 400 | Highways Depot Improvements - subject to business case | 0 | 0 | 400 | 0 | 400 |
| | | | **6,325** | **6,358** | **11,122** | **3,742** | **27,547** |
| | | Transport Asset Management | | | | | |
| Mar-28 | 44,732 | Network North funding to be allocated (25/26 subject to grant confirmation) | 2,258 | 5,000 | 10,000 | 14,158 | 31,416 |
| Mar-28 | 9,592 | Capital Schemes and Design | 2,679 | 2,282 | 2,291 | 2,291 | 9,544 |
| Mar-28 | 2,711 | Bridges | 407 | 407 | 463 | 463 | 1,740 |
| Mar-28 | 563 | Highways Flood alleviation | 159 | 123 | 141 | 141 | 563 |
| Mar-28 | 2,817 | Street Lighting | 1,053 | 857 | 857 | 857 | 3,624 |
| Mar-28 | 1,272 | Traffic Signal Renewal | 281 | 281 | 281 | 281 | 1,123 |
| Mar-28 | 10,947 | Preventative Maintenance - (Surface Dressing) | 3,801 | 3,013 | 3,013 | 3,013 | 12,839 |
| Mar-28 | 30,628 | Restorative (Patching) | 8,095 | 7,445 | 7,349 | 7,739 | 30,628 |
| Mar-28 | 67 | Public rights of way maintenance | 19 | 15 | 17 | 17 | 67 |
| Mar-28 | 262 | Network Performance & Reliability | 70 | 61 | 65 | 65 | 262 |
| | | | **18,823** | **19,484** | **24,476** | **29,024** | **91,806** |
| | | Environment & Waste | | | | | |
| Mar-28 | 1,834 | Recycling Household Waste Sites - General Improvements | 446 | 974 | 164 | 250 | 1,834 |
| Mar-25 | 195 | Recycling Household Waste Sites - Lighting | 195 | 0 | 0 | 0 | 195 |
| Mar-28 | 108 | Ashby Canal | 27 | 27 | 27 | 27 | 108 |
| Mar-27 | 237 | Recycling Household Waste Sites - S.106 funded schemes | 91 | 60 | 86 | 0 | 237 |
| | | | **759** | **1,061** | **277** | **277** | **2,374** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Total E&T | **81,005** | **54,487** | **38,935** | **35,364** | **209,790** |

**ENVIRONMENT & TRANSPORT - CAPITAL PROGRAMME 2024-28 (continued)**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | **Future Developments - subject to further detail and approved business cases** | | | | | |
| | | New Melton RHWS | | | | | |
| | | Additional bid development/match funding | | | | | |
| | | Compaction equipment | | | | | |
| | | Green vehicle fleet | | | | | |
| | | Highways Depot Maintenance | | | | | |
| | | DIY waste equipment | | | | | |

## CHIEF EXECUTIVES - CAPITAL PROGRAMME 2024-28

| Estimated Completion Date | Gross Cost of Project £000 | | 2024/25 £000 | 2025/26 £000 | 2026/27 £000 | 2027/28 £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| Mar-26 | 200 | Legal - Case Management System - subject to business case | 100 | 100 | 0 | 0 | 200 |
| | | Total Chief Executives | **100** | **100** | **0** | **0** | **200** |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | **Future Developments - subject to further detail and approved business cases** | | | | | |
| | | Legal - Commons and Village Green Register | | | | | |
| | | Trading Standards - Database replacement | | | | | |

## CORPORATE RESOURCES - CAPITAL PROGRAMME 2024-28

| Estimated Completion Date | Gross Cost of Project £000 | | 2024/25 £000 | 2025/26 £000 | 2026/27 £000 | 2027/28 £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| | | ICT | | | | | |
| Mar-28 | 240 | Replacement of IT Service Management toolset and User Portal | 0 | 0 | 0 | 240 | 240 |
| Mar-26 | 79 | Solaris Hardware Refresh | 30 | 30 | 0 | 0 | 60 |
| Mar-28 | 903 | Network Equipment | 0 | 100 | 0 | 600 | 700 |
| Mar-28 | 100 | Remote Access Refresh | 0 | 9 | 0 | 41 | 50 |
| Mar-28 | 1,700 | Hyper-Converged Infrastructure (HCI) Refresh/re-license | 449 | 350 | 120 | 581 | 1,500 |
| Mar-28 | 1,000 | Backup System Replacement | 0 | 0 | 0 | 1,000 | 1,000 |
| Mar-26 | 50 | Replace end of life SRS Meeting room tech | 0 | 50 | 0 | 0 | 50 |
| Mar-27 | 70 | Replace end of life wireless controllers | 0 | 0 | 70 | 0 | 70 |
| | | Sub total ICT | **479** | **539** | **190** | **2,462** | **3,670** |
| | | Transformation Unit - Ways of Working | | | | | |
| Mar-25 | 1,995 | Workplace Strategy - Office Infrastructure | 400 | 0 | 0 | | 400 |
| Mar-28 | 11,042 | Workplace Strategy - End User Device (PC, laptop) | 862 | 1,293 | 1,530 | 909 | 4,594 |
| Mar-25 | 1,631 | Workplace Strategy - property costs, dilapidations and refurbishments | 582 | 0 | 0 | | 582 |
| | | Sub total Transformation Unit | **1,844** | **1,293** | **1,530** | **909** | **5,576** |
| | | Property Services | | | | | |
| Mar-25 | 110 | Data Centre UPS replacement | 110 | | | | 110 |
| Mar-25 | 85 | Bassett Centre window replacement | 85 | | | | 85 |
| Mar-25 | 100 | Snibston Scheduled Ancient Monument | 100 | | | | 100 |
| | | Sub total Property Services | **295** | **0** | **0** | **0** | **295** |
| | | **Climate Change - Environmental Improvements** | | | | | |
| Mar-25 | 375 | Electric Vehicle Car Charge Points | 131 | 0 | 0 | 0 | 131 |
| Mar-27 | 603 | Energy initiatives | 100 | 100 | 100 | 0 | 300 |
| | | Sub total Energy | **231** | **100** | **100** | **0** | **431** |
| | | Total Corporate Resources | **2,849** | **1,932** | **1,820** | **3,371** | **9,972** |

**CORPORATE RESOURCES - CAPITAL PROGRAMME 2024-28 (continued)**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | **Future Developments - subject to further detail and approved business cases** | | | | | |
| | | Major System Replacements, IAS, Mosaic, Capita One, STADS, PAMS, s106 system | | | | | |
| | | Strategic Property Future Developments | | | | | |
| | | Snibston Scheduled Ancient Monument - (SAM) - additional works | | | | | |
| | | Snibston Block C Remediation | | | | | |
| | | Beaumanor Hall roads resurfacing | | | | | |
| | | ICT Future Development: | | | | | |
| | | End of life replacement and security improvements | | | | | |
| | | Property Services | | | | | |
| | | Country Parks Future Developments: | | | | | |
| | | Watermead café and car park changes | | | | | |
| | | Watermead New Bridge | | | | | |
| | | Country Parks - ANPR ticketless car parking expansion | | | | | |
| | | Ashby Woulds Heritage Trail - resurfacing | | | | | |
| | | Climate Change Future Developments | | | | | |

## CORPORATE - CAPITAL PROGRAMME 2024-28

| Estimated Completion Date | Gross Cost of Project £000 | | 2024/25 £000 | 2025/26 £000 | 2026/27 £000 | 2027/28 £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| | | **Investing In Leicestershire Programme (IILP)** | | | | | |
| Mar-28 | 1,200 | County Farms Estate - General Improvements | 300 | 300 | 300 | 300 | 1,200 |
| Mar-28 | 1,400 | Industrial Properties Estate - General Improvements | 350 | 350 | 350 | 350 | 1,400 |
| Sep-25 | 16,436 | Airfield Business Park - Phase 3-4 | 14,000 | 2,000 | 0 | 0 | 16,000 |
| Mar-25 | 10,228 | Quorn Solar Farm | 9,454 | 0 | 0 | 0 | 9,454 |
| Mar-27 | 926 | M69 Junction 2 - SDA | 350 | 283 | 50 | 0 | 683 |
| Mar-25 | 2,999 | Lutterworth East - Drive Thru Restaurants | 2,655 | 0 | 0 | 0 | 2,655 |
| Mar-25 | 4,893 | Lutterworth East - Planning and Pre-Highway construction Works | 4,658 | 0 | 0 | 0 | 4,658 |
| | 25,745 | New Investments - subject to Business Case | 3,000 | 5,000 | 5,000 | 12,745 | 25,745 |
| | | Sub total IILP | **34,767** | **7,933** | **5,700** | **13,395** | **61,795** |
| | | **Future Developments** | | | | | |
| | | Future service projects - subject to business cases | 500 | 4,500 | 10,000 | 25,000 | 40,000 |
| | | Capital Programme Portfolio Risk | 0 | 7,500 | 7,500 | 0 | 15,000 |
| | | Sub total Future Developments | **500** | **12,000** | **17,500** | **25,000** | **55,000** |
| | | Total Corporate Programme | **35,267** | **19,933** | **23,200** | **38,395** | **116,795** |

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