



CABINET - TUESDAY 17 JUNE 2025

ORDER PAPER

ITEM DETAILS

APOLOGIES FOR ABSENCE

Mr. V. Richichi CC

1. URGENT ITEMS

None.

2. DECLARATIONS OF INTEREST

Members of the Cabinet are asked to declare any interests in the business to be discussed.

3. PROVISIONAL REVENUE AND CAPITAL OUTTURN 2024/25 (Pages 3 - 52)

- *Comments have been received from Mr. A. Innes CC which are attached to this Order Paper.*
- *The Scrutiny Commission considered a report at its meeting on 9 June and a draft minute is attached to this Order Paper.*

Proposed motion

- a) That the comments of the Scrutiny Commission be noted;
- b) That the 2024/25 provisional revenue and capital outturn be noted;
- c) That the prudential indicators for 2024/25 as shown in Appendix E to the report be noted;
- d) That the net underspend be used for the additional commitments as specified in the report;
- e) That it be noted that the current MTFs gap of £90m by 2028/29 may be exacerbated by the Government's Spending Review announced on 11th June and that the Director of Corporate Resources report further to the Cabinet at its next meeting on the Spending Review, its implications for the County Council's finances and services;
- f) In light of that further report, the procurement of external support to deliver savings be approved by the Cabinet at its next meeting.

4. LOCAL NATURE RECOVERY STRATEGY FOR LEICESTER, LEICESTERSHIRE AND RUTLAND (Pages 53 - 214)

- *The Environment and Climate Change Overview and Scrutiny Committee considered a report at its meeting on 11 June and a draft minute is attached to this Order Paper.*

Proposed motion

- a) That the outcome of consultation on the draft Local Nature Recovery Strategy (LNRS) including comments of the Environment and Climate Change Overview and Scrutiny Committee be noted;
- b) The LNRS be submitted to the Council meeting on 2 July 2025 for approval;
- c) That the Director of Environment and Transport, following consultation with the Cabinet Lead Member, be authorised to make any final amendments to the draft LNRS and supporting documents prior to its submission to the Council meeting.

5. SPECIAL EDUCATIONAL NEEDS AND DISABILITIES (SEND) AND INCLUSION STRATEGY 2025-2028 (Pages 215 - 290)

Proposed motion

- a) That the outcome of consultation on the refreshed SEND and Inclusion Strategy be noted;
- b) That the SEND and Inclusion Strategy 2025-2028 be approved.

6. ADULTS AND COMMUNITIES DEPARTMENT STRATEGY 2025-2029: DELIVERING WELLBEING AND OPPORTUNITY IN LEICESTERSHIRE (Pages 291 - 366)

Proposed motion

- a) That the outcome of the consultation on the Adults and Communities Strategy 2025-2029 “Delivering Wellbeing and Opportunity in Leicestershire 2025-2029” be noted;
- b) That the Adults and Communities Strategy 2025-2029 “Delivering Wellbeing and Opportunity in Leicestershire 2025-2029” be approved.

7. ITEMS REFERRED FROM OVERVIEW AND SCRUTINY

None.

8. ANY OTHER ITEMS WHICH THE CHAIRMAN HAS DECIDED TO TAKE AS URGENT

None.

Officer to contact

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AGENDA ITEM 3 - PROVISIONAL REVENUE AND CAPITAL OUTTURN 2024/25**Comments from Mr. A. Innes CC**

Following my attendance at Adults and Communities Scrutiny and the Scrutiny Commission meeting, I have some concerns around the management of vendors to LCC, and the design and management of tenders issued to the suppliers.

In the private sector it is normal for us to approach suppliers for cost saving proposals and in contract reductions, to “share the pain” of tightening budgets. A normal course of action would be to look at our largest vendors on a regular basis and look at how they are performing and look for ways of reducing our spend with these vendors. Cost Takeout (CTO) is a well-practised process where we look with the vendors at opportunities to reduce the cost of the service by making changes that help the supplier to reduce input costs. I would like to know if these initiatives take place. One of the overrun costs against budget was transport. In the detailed comments in the appendix to the Provisional Revenue and Capital Outturn 2024/25, it refers to additional transport costs due to lack of competition and previously escalating fuel costs not being recovered now that the fuel price has fallen. Fuel escalators are quite normal in transport markets and reflect both increases and decreases in fuel prices.

For the tendering of business to the open market, it is not normal to reveal your required prices as is the case proposed in the Home Care tender for Adult Social Care. I would recommend that the methodology be looked at to try and get either better rates, or if we insist on revealing prices, penalties for poor quality provision. The risk is all on us, not the vendor.

If we are leasing equipment consideration should be given to using capital to outright purchase equipment, or vice versa, dependant on the financial requirements at the time.

Andrew Innes CC
Councillor for Melton East
Scrutiny Commissioner

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SCRUTINY COMMISSION – 9th JUNE 2025**MINUTE EXTRACT****Provisional Revenue and Capital Outturn 2024/25**

The Commission considered a report and a supplementary report of the Director of Corporate Resources the purpose of which was to set out the provisional revenue and capital outturn for 2024/25 and to seek members views which would be presented to the Cabinet at its meeting on 17 June. A copy of the report and supplementary marked 'Agenda Item 10' is filed with these minutes.

Arising from the discussion the following points were made:

- (i) Members raised concerns regarding the current forecasted gap of £90m in the Council's Medium Term Financial Strategy (MTFS) by 2028/29 and questioned how this would be addressed. It was noted a number of savings initiatives were already being developed but these were not yet sufficiently detailed to be factored into the MTFS. Work to identify further efficiencies and income sources was also taking place across all departments. Once fully developed these would then need to be considered by the Cabinet for inclusion in the next iteration of the MTFS.
- (ii) The Council's budget for 2025/26 had been approved and balanced with the use of some reserves (£4.7m). Immediate action was, however, necessary to identify savings that would ensure delivery of a balanced budget for 2026/27.
- (iii) The Director reported that there was no single solution to address the financial gap, the magnitude of which was not dissimilar to that faced by other councils. The Council's funding position was difficult and complex given the number of statutory services it had to deliver. A varied approach had always been adopted to both reduce demand, lobby government to increase grant funding, as well as locally seeking to increase income including increases in council tax.
- (iv) A Member emphasised that the Council's budget was dictated by demand and growth in demand was caused by factors outside its control. As it had a statutory responsibility to deliver certain services its financial position would not improve significantly without more funding from Government.

- (v) A member commented that recent publications regarding Reform UK's proposed Doge-style scheme had questioned the efficiency of procurement in local government and suggested that improvements in this area could yield further savings. The Director explained that around 75% of Council spend was through contracts with third parties and this would therefore always form part of the Council's future savings plans. However, this would not just be targeted toward procurement efficiencies but also challenging how and why the Council procured those services in the first place.
- (vi) At the request of the Chairman, the Leader commented that he did not think the County Council would receive a visit from Reform UK's Doge-style scheme. He confirmed that careful planning was needed and therefore consideration would be given to involving a professional, external body to assist the Council in identifying future savings opportunities. It was acknowledged that this would come at a cost to the Authority. The Leader provided assurance that he and his Cabinet were working at pace to consider this but said he could not give a specific timeframe for when external consultants would be instructed. However, he undertook to keep members informed.
- (vii) The Government's spending review was expected to provide some insight into the Government's funding priorities. Additional grant funding for local government was, however, looking unlikely. A member raised concern that the Government's focus on deprivation as part of future funding reform proposals would likely further disadvantage Leicestershire.
- (viii) A member questioned the impact local government reorganisation (LGR) and potentially transferring land to the City might have on the County Council's MTFS, suggesting this would be detrimental, reducing the County's council tax base and therefore its financial stability. The Director acknowledged the concern raised and agreed this would be something the Council would need to be mindful of. However, it was noted that despite this challenge, reorganisation would still have the potential to generate significant savings, particularly the option for a single county unitary.
- (ix) The Leader emphasised that the implications of LGR were significant and he would therefore be meeting with the City Council Mayor to discuss this. It would be important for them to look at all options on the way forward and to consider what would be realistic and acceptable to the people of Leicester and Leicestershire. He would also enter into discussions with district councils as appropriate. However, he highlighted that the situation was complex, involving 9 local authorities. In response to further questions raised, the Leader said he would not confirm his preferred view on the best approach for LGR at this time, clarifying that it would not be appropriate until discussions with partners had been held.

- (x) Concerns were raised about how debts and the financial responsibilities of existing authorities would be managed as part of LGR. The Director advised that so far, the Government had confirmed it would not absorb councils existing debts. This would therefore need to be managed locally as part of the reorganisation proposals put forward. It was recognised that the more complicated arrangements became the more costly this would likely be.
- (xi) Members identified the worsening position regarding the High Needs Block (HNB) deficit, and the impact this was having on the Council's overall budget, as an area of serious concern. It was noted that the HNB deficit was in addition to the £90m MTFS funding gap identified. Whilst the Council had been part of a government program aimed at delivering better value in this area the situation continued to deteriorate. It was further highlighted that the Council had itself employed external consultants at cost to identify new ways to bring the deficit down and although considerable savings were being achieved though this, the deficit was still growing due to increased demand.
- (xii) The Director emphasised that this continued to be an area of focus for the Children and Family Services Department through delivery of its Transforming SEND in Leicestershire programme (TSIL) and assured members that savings were being delivered as a result of the work being undertaken. However, this was not sufficient to close the gap due to continued rising demand. Members noted that the position was unlikely to change without national reform which was a matter for the Government. It was suggested that the Commission be provided more information on the complexities surrounding the HNB deficit and the delivery of savings through the TSIL programme which was being monitored by the Children and Family Services Overview and Scrutiny Committee.
- (xiii) Confirmation that the HNB statutory override would continue was awaited but it was hoped that this would be addressed as part of the Government's spending review. A member commented that the Council's deficit was not unique and that some authorities were in a significantly worse position having been put into the Government's Safety Valve Programme. The Director advised that this programme had now been terminated as it had not delivered the savings expected, further emphasising the need for change at a national level.
- (xiv) The underspend in Adult Social Care Services was welcomed. However, this was a demand led service affected by increases in inflation and pay. This was difficult to predict for future years and so would be monitored closely.

- (xv) Diversification in the Council's investments was supported and considered to be a prudent approach. However, a member questioned if the bank risk sharing investment proposal was high risk, noting that the targeted 13% rate of return was high compared to UK and European small business lending rates. The Director advised that the investment was not a lending product but a type of insurance and whilst the risk of loans to small businesses do carry a risk, this was more predictable and so could be costed in advance. Such investments were also not affected by fluctuations in the national and international economic position. The Director confirmed that the leverage was also small for this type of investment and undertook to provide further details after the meeting.
- (xvi) It was noted that the Council had made its initial investment in bank risk sharing some years ago following a detailed presentation to this Committee at that time. The investment formed part of the Council's Investing in Leicestershire Programme (IILP) which were overseen by the IILP Board which consisted of five Cabinet Lead Members. The board considered all such investments before these were approved by the Cabinet and their performance was monitored annually by the Commission. The Director undertook to provide more detailed information regarding these types of investments within the portfolio as part of its next performance update to be presented in September.
- (xvii) A Member asked if, as an alternative, consideration had been given to investing in shares as bank risk sharing appeared to be bespoke and niche type of investment. The Director advised that the Council had always taken a prudent approach when making investments and whilst investments in shares could generate a higher return, they could also be more volatile.
- (xviii) A member questioned whether the Council's deficit could be eliminated without raising council tax, and queried if council tax was not increased, what affect this would have. It was noted that the Council's MTFS was prepared on the assumption there would be an increase in council tax. The current MTFS presumed a 2.99% increase each year which equated to approximately £12m additional income per annum. If removed, this would generate an additional £40m funding gap approx. over the life of the MTFS.
- (xix) It was noted that the Council had repaid some debt during the year which meant this was below what had been previously forecast. In response to questions raised the Director undertook to provide clarification regarding the split between the level of internal and external debt after the meeting.

RESOLVED:

- (a) That the comments now made by the Scrutiny Commission be presented to the Cabinet for consideration at its meeting on 17th June 2025;
- (b) That the Director be requested to:
 - (i) provide more information on the complexities surrounding the HNB deficit and the delivery of savings through the TSIL programme;
 - (ii) confirm the leverage for the proposed bank risk sharing investment;
 - (iii) provide more detailed information regarding IILP non-direct property investments as part of its next performance update to be presented in September;
 - (iv) provide clarification regarding the split between the level of internal and external debt held by the Council.

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**ENVIRONMENT AND CLIMATE CHANGE OVERVIEW AND SCRUTINY
COMMITTEE - 11th JUNE 2025**

MINUTE EXTRACT

Final Local Nature Recovery Strategy (LNRS)

The Committee considered a report of the Director of Environment and Transport the purpose of which was to seek the Committee's views and comments on the Final Local Nature Recovery Strategy before this was presented to the Cabinet for approval at its meeting on 17 June 2025. A copy of the report, marked 'Agenda Item 10', is filed with these minutes.

Arising from discussion, the following points were raised:

- i) The Committee welcomed the final draft LNRS and commented that this identified meaningful priorities that could be progressed to make a big difference to the local environment.
- ii) It was noted that the Strategy had been subject to public consultation and that the feedback received had been meaningful and of a high standard. However, it was suggested that consideration should be given to other types of engagement in future to improve response rates, in particular to encourage a wider range of different communities to get involved. It was acknowledged that all public consultation exercises undertaken by the Authority were constrained by the resources it had available.
- iii) It was highlight that a prudent use of grants would be required to deliver the Strategy and its priorities and that over the coming year a pipeline of projects would be identified and funding sourced to deliver these.
- iv) It was noted that the County Council had led on the development of the Strategy as the designated responsible authority for Leicestershire, Leicester, and Rutland. Alongside this a Delivery Plan would next be developed with partners, and this would provide a shared platform setting out the agreed areas of focus to invest in and which could be maintained in the long term. The Plan would be a live document and adapt to circumstances and funding.
- v) Members were pleased with and supported the innovative approaches highlighted in the Strategy to address flooding concerns across the County and requested that the Committee be kept undated on any progress made in this area.

- vi) A Member commented that there were many people passionate about the natural environment locally who would support the delivery of this Strategy and that this would be delivered over the coming decades to make an environment which was better for all. However, it was a concern that this was reliant on funding to ensure delivery of projects.
- vii) It was highlighted that although there were no commitments to funding for 2025/26, discussions would be held with partners as the Delivery Plan was developed to determine if, in addition to Government funding, local resources could be made available to support the delivery of specific projects. It was recognised, however, that all local authorities and partners were under significant financial pressure at the current time.

RESOLVED:

That the comments made by the Committee be presented to the Cabinet at its meeting on 17 June 2025 for consideration.