



SCRUTINY COMMISSION 28th JANUARY 2026

MEDIUM TERM FINANCIAL STRATEGY 2026/27 – 2029/30

AGENDA ITEM 12 – CONSIDERATION OF RESPONSES FROM OTHER OVERVIEW AND SCRUTINY COMMITTEES

Minute extracts from the following Overview and Scrutiny Committees are attached for consideration under Agenda Item 12:

- Health Overview and Scrutiny Committee
- Adults and Communities Overview and Scrutiny Committee
- Children and Families Overview and Scrutiny Committee
- Highway, Transport and Waste Overview and Scrutiny
- Environment, Flooding and Climate Change Overview and Scrutiny Committee

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HEALTH OVERVIEW AND SCRUTINY COMMITTEE
14 JANUARY 2026

MEDIUM TERM FINANCIAL STRATEGY 2026/27-2029/30

MINUTE EXTRACT

The Committee considered a joint report of the Director of Public Health and the Director of Corporate Resources which provided information on the proposed 2026/27 to 2029/30 Medium Term Financial Strategy (MTFS) as it related to Public Health. A copy of the report, marked 'Agenda Item 9', is filed with these minutes.

Arising from discussions the following points were noted:

- (i) There was a typographical error at paragraph 10 of the report which should have said "The impact of what is effectively a direction to increase expenditure on the prevention, treatment and recovery from drugs and alcohol misuse of 10% year on year..."
- (ii) Members welcomed that this time the Department of Health and Social Care (DHSC) had given provisional Public Health Grant allocations for the next three years rather than the usual one-year settlement.
- (iii) The DHSC had specified ring fences within the ring-fenced Public Health Grant to be spent on drugs and alcohol treatment, recovery and prevention, and smoking cessation. These figures were included in the report at Table 2 - Net Budget 2026/27. The exact spending on those ring-fenced areas was largely prescribed nationally and had to be used to meet Key Performance Indicators. In response to a query from members as to what would happen if this money was not spent and whether it could be transferred to a different Public Health budget stream within the Council, it was explained that there was a risk that DHSC could ask for the money to be returned or they could reduce the amount given to the County Council in future allocations. This had happened to local authorities elsewhere in the country with regards to smoking cessation funding.
- (iv) An amount of approximately £2 million of the Public Health grant was used to commission, by way of service level agreements, health improving elements of services in other departments that fulfilled the public health grant requirements and the priorities of those departments. Newton Impact was carrying out an Efficiency Review of all the County Council's services and spending to identify savings to help meet the budget gap. Positive conversations had taken place between the Public Health department and Newton Impact regarding how Public Health could contribute to the County Council's savings. It was not expected that Public Health would transfer funding directly from its budget into the budgets of other County Council departments. However, it was hoped that

the work of the Public Health department would help reduce the demand on services provided by other departments within the County Council. For example, the Public Health work regarding frailty and falls prevention could help reduce the demand on adult social care.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 28 January 2026.



ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE
19 JANUARY 2026

MEDIUM TERM FINANCIAL STRATEGY 2026/27 – 2029/30

MINUTE EXTRACT

The Committee considered a joint report of the Director of Adults and Communities and Director of Corporate Resources which provided information on the proposed 2026/27 to 2029/30 Medium Term Financial Strategy (MTFS) as it related to the Adults and Communities Department. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Chairman welcomed Mr. Carl Abbott, Cabinet Lead Member for Adults and Communities (Adult Social Care), and Mr. Kevin Crook, Cabinet Lead Member for Adults and Communities (Heritage, Libraries and Adult Learning), to the meeting for the item.

Arising from discussion, the following points were made:

Service Transformation

- i. The Director reported that the section on service transformation did not directly address the work Newton were undertaking but reflected the strategic direction of services that the Department and Council had established. He explained that Newton's work appeared later in the report under efficiency savings and formed part of a corporate efficiency programme looking at potential savings over the medium term, which was separate from the service transformation strategy developed the previous year, which was driving the main budget assumptions around older adult growth.
- ii. Members noted that Leicestershire had a higher proportion of residents aged over 65 than many areas and asked whether the Council had accounted for the risk of more people becoming non-self-funders. The Director confirmed the risk was included in growth projections and reflected in financial forecasting. He added that, although some forecasts suggested future change, many older adults currently still had rising disposable income from pensions and property. While the possibility of more people moving from self-funding to Council-funded care remained a risk, it was monitored annually for any significant changes.

Proposed Revenue Budget, Other Changes and Transfers

Growth

- iii. A Member highlighted the sharp rise in average cost per service user at the start of each financial year. The Director explained this reflected the annual fee review, where provider rates were uplifted due to National Living Wage pressures and CPI-linked inflation. Each year the department reviewed market rates and applied an inflationary factor in April, causing the initial spike. He added that, unlike in 2021 and 2022 when costs rose throughout the year, the Department had recently kept in-year average costs relatively stable.
- iv. A Member raised concern that no inflationary increases were built into the budget. The Director explained that, in line with corporate policy, inflation was held centrally in a contingency rather than within departmental budgets. Each year, approved allocations for living wage and general inflation were released to departments, which would be reflected across the four-year MTFS. The Member accepted this but asked that future reports include a breakdown of cost increases to clarify the underlying drivers.
- v. A Member asked why the cost per service user had risen by 41% when general inflation increased by only 21%, with a further 12% rise since April 2024. The Director explained that adult social care inflation consistently ran at two to three times general inflation, driven mainly by significant increases in the National Minimum Wage and National Living Wage in recent years. He advised that a Use of Resources report in March 2026 would include further information, noting typical social care inflation of 12-14% per year. Although Leicestershire's rate was lower than the national average, it remained well above general inflation. He added that recent rises in National Insurance contributions had also increased provider costs, which were reflected in higher Council payments.
- vi. Members noted that service user contributions in Leicestershire were higher than the national average and asked whether further increases were planned. The Director explained that the Council already charged the maximum permitted in law, leaving little scope to increase income. He added that the Council would not exceed national charging guidance or introduce additional charges beyond that framework.
- vii. The Director explained that rising numbers of self-funders approached the Council once their savings were depleted, a trend driven partly by increased life expectancy. He confirmed that a report detailing the financial status of all adults receiving social care could be brought to the Committee later in the year.
- viii. A Member noted the £23 million MTFS gap, highlighting adult social care's significant contribution to the pressure, and asked whether further savings would require service cuts. The Lead Member for Heritage, Libraries and Adult Learning said it was inappropriate to discuss council tax levels at that stage but assured Members that the process would remain transparent.

- ix. A Member referred to the Fair Outcomes Panel and sought clarity on why placements initially fell but later rose. Officers explained that numbers increased as self-funders' assets dropped below the threshold, leading them to request Council-funded placements. Increased pressure on hospital discharges also meant more people with complex needs, such as unresolved delirium, required short-term residential care for assessment. Learning from the panel also informed joint work with NHS partners to improve discharge pathways and reduce inappropriate, avoidable placements.
- x. In response to a question, the Director responded that there were two main factors that drove growth in learning disability services: young people turning 18 and moving into adult services, and increased life expectancy. He added that whilst numbers were currently rising, after 2030, numbers might decrease in line with past reductions in the birth rate. He acknowledged that many adults might still be undiagnosed with conditions such as autism or ADHD but emphasised that diagnosis alone did not determine eligibility for social care, where thresholds would need to be met.
- xi. Members noted that the cost line for digital preservation and storage had decreased and questioned whether this signalled a scaling back of the programme or a delay in outcomes. The Director explained that a 2024 National Archives assessment had identified two issues: insufficient physical storage capacity and the lack of a compliant process for preserving born-digital records. Although many records were digitised, the Council's standard IT system did not meet national archival requirements. A compliant solution had been identified and was in progress, though it carried costs. The Director confirmed that the reduced budget line reflected the phasing of the work rather than any reduction in commitment.
- xii. A Member revisited the issue of forecast demand increases, noting that the report assumed demand growth of around 2.1% and that projected growth in older people's demand would rise over three years. They asked what the impact on the MTFS would have been if demand had returned even halfway to the previous 3.6% growth rate seen before the Fair Outcomes Panel. The Director replied that officers had worked with the information available at the time, and that if future conditions had differed, the MTFS would have been adjusted accordingly.
- xiii. A Member queried the growth in young people moving into adult services and whether it had been fully costed, noting the report's description of the figures as unquantifiable and a potential future pressure. The Director explained that the £3.8 million for 2026/27, rising to £12 million by 2029/30, already included provision for expected transitions. However, the authority could not predict the type, size, or cost of each individual's future care package. A general provision was therefore included in the learning disability demand forecast, with figures refined only as individuals neared age 18 and their needs became clearer.
- xiv. A Member asked whether the Council had accounted for adults with learning disabilities who were being supported informally by ageing parents without formal care packages. It was confirmed that the associated risks and future pressures had been included in planning, covering those who had previously relied on

family support but would require formal services once that support was no longer possible.

- xv. A Member raised the issue of health vs social care funding and asked whether families could challenge funding decisions, and whether the Council challenged decisions it believed were incorrect. The Director explained that the report's savings section included a specific line on Continuing Healthcare (CHC) and Funded Nursing Care (FNC), which ensured individuals received the correct funding from the appropriate organisation. He stated that a formal dispute resolution process existed between the Council and the NHS, through which officers could challenge decisions and present evidence to a joint panel. However, unlike individuals, the Council did not have a legal right of appeal under national CHC policy but could still raise challenges, escalate cases, and support individuals wishing to appeal.

Savings

- xvi. A Member noted that some savings were relatively small (around £100,000) and therefore highly sensitive to changes in demand, even if slight might make savings non-achievable, and asked how savings were being delivered without additional investment in prevention. The Director explained that the savings did not come from reducing prevention budgets but from helping people to live more independently, reducing their need for long-term social care. He added that if demand had increased, the Council expected it to be offset by reviewing more people and identifying further opportunities to promote independence.
- xvii. A Member noted that many older people were asset-rich but cash-poor, with hidden deprivation, and questioned the report's suggestion that benefit payments should provide additional chargeable income. The Director explained that under the social care charging policy, councils were required to charge for residential care, while charging for domiciliary care was discretionary, and the Council had chosen to charge the maximum allowed. When someone entered services, a financial assessment was carried out based on their assets and income. By law, the Council had to leave individuals with a nationally set Minimum Income Guarantee (MIG) and make allowances for housing costs, council tax, and limited disability-related expenses. Any remaining income, up to the full cost of the service, could then be charged.
- xviii. The Director clarified that Lightbulb had operated as a partnership delivering major adaptations, housing support, and was a combined service model across districts. Funding had been split 55% from the County Council and 45% from District Councils. Disabled Facilities Grants for major adaptations had gone directly to districts, while the County Council had funded minor adaptations such as ceiling-track hoists and stairlifts. The Council had discussed with district partners the need for ceiling-track hoists to be treated as DFG-funded items, given their permanence, and partners had agreed that these would be included in the Lightbulb contract from 2026/27. A Member requested that a future report be brought to the Committee on the effectiveness of Lightbulb and how it aligned with the County Council's responsibilities.

xix. A Member expressed concern that relying too heavily on artificial intelligence could reduce the human element in adult social care and potentially create difficulties for vulnerable people seeking assessments or support. Members were informed that an AI pilot had been underway, involving 35 staff using a recording device (with service-user consent) during assessments instead of handwritten or typed notes. The pilot aimed to cut down manual data entry into LiquidLogic, improve assessment consistency, remove double-keying, and increase officer capacity. It was being closely evaluated, including service-user feedback on engagement and timeliness, and any wider rollout would be considered after the evaluation.

xx. Newton had reviewed all existing MTFS savings lines to determine whether they could be stretched, expanded, or paused, and to identify any additional opportunities based on national practice. A new focus area was the prevention workstream, where Newton analysed why people contacted adult social care, what crises triggered involvement, when first contact typically occurred, and patterns across different cohorts. The Council had not yet received Newton's proposals, as the analysis stage was still in progress.

xxi. In response to a Member question over early 2026 saving findings, the Lead Member for Heritage, Libraries and Adult Learning explained that the Council was focusing first on early findings that could support the current year's budget. He added it was not yet clear how much could be achieved within that timeframe, and a broader set of proposals was expected by April 2026, which would likely mean early findings would feed into the present budget, with further work contributing to the following year's planning.

xxii. A Member wished to build on an earlier discussion about preventing avoidable A&E admissions and the resulting need for social care after discharge. He noted that a separate health committee had recently debated GP access and felt there should be a stronger link between the two areas. He suggested the Council consider how health and social care had been working together to address the issue.

xxiii. A Member questioned whether the procurement savings had been understated and believed greater savings were achievable. They asked if additional savings were expected. The Director stated that the re-procurement savings at AC15 and AC16 reflected only what officers could include with confidence at the time. As tenders were still being evaluated and final prices were unknown, further savings were expected and would likely appear in the 2027 MTFS once evaluations were complete and budgets updated.

xxiv. In response to a question, the Director reiterated that the Council did not yet know the specific activities Newton would recommend. As a result, officers could not yet know which roles, if any, would need to change or expand. However, if new staffing were required, those costs would also be netted off before any savings appeared in the MTFS.

xxv. A Member expressed concern about the deliverability of Newton's proposals, whether the MTFS depended on solutions that might not materialise, and how

Local Government Reorganisation might add complexity. The Director said the Council did not yet know which opportunities Newton would identify but understood the likely themes. He confirmed no extra staffing was required at that time, though future recommendations, such as supporting another large cohort through reablement, could require additional staff, with those costs offset against the projected savings.

Health and Social Care Integration

Better Care Fund (BCF)

- xxvi. The Director reported that the Council did not yet have a publication date for the 2026/27 framework for the Better Care Fund. On potential changes to the framework, the Director said the department had not seen a draft, but officers assumed that the Government might seek to align both the Better Care Fund (BCF) Better Care Grant more closely with the NHS 10-Year Plan.
- xxvii. Regarding contingency planning, the Director agreed entirely with a Member's assessment that changes to the framework would affect every local authority across the country. He explained that the sector had been clear in discussions with the Department of Health and Social Care that any changes to national priorities must be made only to the uplifted element of the grant, namely new money, and that existing expenditure could not simply be reallocated, because it was tied to essential, ongoing services, for example, residential care. He stressed that shifting the entire BCF allocation to new priorities would be impossible, because it already funded critical statutory activity.

Other Funding Sources

- xxviii. A Member asked whether the listed funds in the report were already built into service costs, fully covered those costs, or were only additional contributions. Officers said the grants did contribute but could not confirm they met the full cost. Using the Social Care in Prisons Grant as an example, they explained that the Council received whatever the Government allocated, which often fell short of actual costs. The grant was issued annually through the Local Government Finance Settlement and calculated per capita based on the local prison population. The Director added that the frequency of Government reviews or uplifts was unclear and required further investigation.

Future Developments

- xxix. A Member asked about plans for the archives, collections and learning hub. The Lead Member explained that the Council needed to secure additional space quickly as the accreditation deadline was approaching. The medium-term strategy had been to use external storage to manage capacity. However, long-term planning had been difficult due to the Local Government Review, and because the service was shared with Leicester and Rutland, committing to a major new storage facility had not been feasible. The matter remained under active consideration.

RESOLVED:

- a) That the report regarding the Medium Term Financial Strategy for 2026/27 to 2029/30 and the information now provided be noted;
- b) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 28 January 2026.

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CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY COMMITTEE
20 JANUARY 2026

MEDIUM TERM FINANCIAL STRATEGY 2026/27 – 2029/30

MINUTE EXTRACT

The Committee considered a joint report of the Director of Children and Family Services and the Director of Corporate Resources which provided information on the proposed 2026/27 – 2029/30 Medium Term Financial Strategy (MTFS) as it related to the Children and Family Services department. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Chairman welcomed Mr. C. Pugsley CC, Lead Member for Children and Families, to the meeting for this item.

Arising from discussion, the following points were raised:

Plans to provide more SEND nursery places in local communities.

- (i) Concern was raised regarding an ongoing consultation relating to proposals to create more accessible and inclusive SEND (Special Educational Needs and Disabilities) nursery places within communities, with particular reference to the potential loss of dedicated provision. The Director explained that the proposals sought to build local capacity so that children's needs could be met within their communities, and that proposed model would allow for expansion of specialist support through early years services. It was emphasised that the aim was to ensure equitable access to early years SEND provision across the county, as provision was often inconsistent.
- (ii) In relation to funding, the Director emphasised that the proposals were not intended as cost-saving measures and that all existing funding would be reinvested into early years provision in order to improve equity and capacity across the system. Consideration would be given to inflationary pressures, although this would remain subject to national funding decisions.
- (iii) Concerns were raised regarding the ability of mainstream settings to train teachers and support staff adequately, particularly where significant numbers of children had SEND needs but did not have an Education, Health and Care Plan (EHCP). A question was asked regarding which providers were being engaged to accommodate additional children with SEND and whether those settings had confirmed capacity to meet all aspects of need, including facilities for activities, resources, and the availability of additional staff. The Director stated that no specific providers had yet been identified to expand or replace provision, as

further engagement with providers would be required should the proposals progress.

- (iv) Members remained concerned about the potential loss of dedicated SEND provision and that some mainstream settings could struggle to meet complex needs. The Director acknowledged the concern and reiterated their commitment to high-quality training, appropriate staffing ratios, and robust quality assurance. It was noted that whilst many children's needs could be met locally in mainstream provision, some children would continue to require different or more specialist support, and this would be recognised within the system.
- (v) With regards to the potential for legal challenge from parents relating to the Council's decisions with regards SEND provision, and whether this had been factored into the authority's risk management, the Director advised that the Council had not been challenged legally to date, however, SEND tribunals did occur. The Department was undertaking work to reduce the need for tribunal proceedings, whilst ensuring that decisions remained focused on meeting children's needs. Risk management would continue to form the development of any proposals.
- (vi) In response to a question regarding how growth in disabled children's services aligned with proposals to close a specialist nursery provision for children with disabilities. The Director explained that the disparity was due to different funding streams. Disabled children's services were funded from council resources, whereas specialist nurseries were funded from the High Needs/Early Years Blocks, which the Council was legally unable to supplement. Given increasing SEND demand and fixed resources, proposals aimed to utilise High Needs funding more effectively by moving to an alternative delivery model. This would broaden capacity, provide year round support, and embed specialist provision within local mainstream settings, an approach reported to be welcomed by many parents.
- (vii) In response to a question regarding whether similar proposals were anticipated relating to provision for older children within specialist settings, the Director outlined that mainstream inclusion was expected to be a key theme within the anticipated SEND White Paper and that the early years proposals aligned with this anticipated policy direction. However, it was not clear whether changes would be proposed for specialist school provision.
- (viii) With regards for staff training, a question was asked regarding whether Makaton would be taught in mainstream settings, whether this would be funded and trained for, and whether it would be delivered universally or selectively. The Director stated that that an extensive training offer would be developed, potentially including Makaton, as well as earlier access to speech and language therapy, and greater flexibility in how support was delivered. This would include both one-to-one support where appropriate and broader system-wide training.

- (ix) It was noted that the consultation was due to run until 22 February 2026 and a report would be presented to the Committee at its meeting on 3 March as part of the consultation process. A detailed risk assessment would be developed for any proposals, including consideration of service pressures and mitigations, before being presented to the Cabinet.

Growth.

- (x) Concern was raised regarding an increase in the number of children entering care and placed in residential provision, a trend which continued to persist each year. The Director acknowledged that the number of children coming into care had increased, alongside rising residential costs driven largely by a national shortage of foster carers and limited availability of suitable family-based placements. The Director emphasised that residential care was not the default option and that foster care, including in-house and external placements, was always prioritised where appropriate. Work was ongoing to support and grow the foster carer cohort, strengthen kinship care through a dedicated strategy, and deliver the Family First partnership reforms to help children remain safely within their family networks wherever possible. It was noted that the development of in-house residential provision through the Children's Innovation Programme, in partnership with Barnardo's, which provided locally based homes exclusively for Leicester children, improved quality and continuity of care, and offered greater control over costs compared to private providers. All of these measures would also go towards supporting increasingly complex needs and higher levels of trauma experienced by children.
- (xi) A member asked a question relating to staff wellbeing within the Department as a result of increased workload and whether a new working arrangements policy for the Council was expected to place additional pressure on frontline staff. The Director stated that a range of support was available to staff, including structured supervision, workload management, training opportunities, clear wellbeing offers, and access to counselling for those working in particularly high-risk areas. It was noted that the proposed new working arrangements policy was not expected to have a significant negative impact, as the majority of frontline children's social care staff worked directly with children and families in the community.
- (xii) A question was asked regarding the cost of home to school transport, which had been identified as a service pressure on the Council's general budget. The Director outlined that funding for transport came from the Dedicated Schools Grant (DSG) and affected the budgets of both the Children and Family Services and Environment and Transport departments' and therefore represented a core council cost. The pressure had therefore been indicated across MTFS planning relating to both directorates in order to ensure visibility, reflecting that it is a corporate pressure arising from increased demand.

Savings.

- (xiii) Members were in agreement that there was very limited scope remaining for savings to be made within the Department. Similar financial and growth

constraints had been present in previous years meaning that there was little remaining capacity for further reductions without impacting service delivery.

- (xiv) In relation to recruitment, which had been identified as a key area for savings, a question was asked regarding how feasible it was to attract high-quality applicants, particularly social workers, given national recruitment challenges and competition from other public sector organisations and the private sector. In response, the Director explained that recruitment challenges were not solely a local issue but reflected a national shortage of qualified and experienced social workers, particularly in frontline safeguarding roles. The most affected areas were identified as the front door and family safeguarding teams. It was noted that the issue was not simply one of attracting candidates but of limited supply nationally, particularly among those willing to remain in frontline statutory practice. The Director outlined that the Department had undertaken a range of actions in order to address workforce pressures.
- (xv) A question was asked regarding departmental goals and efficiency proposals and how far these differed from those in previous years. The Director stated that the areas identified by external advisors Newton Europe were already known and prioritised within the Service. The key challenge and focus of discussions with Newton Europe related to the additionality their involvement could provide, particularly through additional resource and specialist expertise, with the aim of accelerating improvements or increasing the scale of benefits rather than identifying entirely new areas for change.
- (xvi) In response to a question relating to where further efficiencies could be found, or whether service reductions were likely to be considered, the Lead Member advised that work was underway with Newton Europe in order to identify potential efficiency savings. He provided assurances that his priority was to avoid service cuts wherever possible and confirmed that as more information became available regarding efficiency opportunities, this would be communicated to the Committee.

Dedicated Schools Grant.

- (xvii) Members raised concern regarding significant overspend on high-cost placements and that the level of expenditure was unsustainable. The Director acknowledged this concern and emphasised the need for clearer and more decisive government guidance and intervention. It was noted that the Council had limited ability to influence many of the cost pressures presented.

Capital Programme.

- (xviii) A question was asked regarding the Children's Innovation Partnership with Barnardo's whereby in-house residential care services had been designed in, and were delivered through, a partnership arrangement. The Director stated that the work had prioritised bringing existing agreed homes into operation and ensuring they were fully established. It was explained that the Council was pursuing a mixed-economy approach, including agreements with other providers to avoid over-reliance on a single delivery model. Regulated and

registered provision offered better value and safeguards than some unregulated alternatives. It was noted that any opportunity for additional funding would be pursued if available.

- (xix) Concern was raised regarding the cost and risks associated with unregulated social care provision and that some providers could be profiting excessively at the Council's expense. Members were in agreement that there was need for a more robust and highly regulated system.

RESOLVED:

- (a) That the report regarding the Medium Term Financial Strategy 2026/27 – 2029/30 and information now provided be noted;
- (b) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 28 January 2026

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**HIGHWAYS, TRANSPORT AND WASTE OVERVIEW AND SCRUTINY
COMMITTEE - 22 JANUARY 2026**

MEDIUM TERM FINANCIAL STRATEGY 2026/27 – 2029/30

MINUTE EXTRACT

The Committee considered a joint report of the Director of Environment and Transport and the Director of Corporate Resources which provided information on the proposed 2026/27 to 2029/30 Medium Term Financial Strategy as it related to the Highways, Transport and Waste Services within the Environment and Transport Department. A copy of the report marked 'Agenda Item '8' is filed with these minutes.

The Chairman welcomed Mr. A. Tilbury CC, the Cabinet Lead Member for the Environment and Transport to the meeting for this item.

Arising from discussion, the following points were noted:

Growth

- (i) In response to a Member query about street lighting maintenance costs referred to in Table 3 of the report, it was noted that although the section refers to growth, the figures shown are negative and consistent across each year. Officers clarified that in the 2025/26 financial year the service received a significant growth allocation to support street lighting maintenance costs, which included a one-off growth requirement of £135,000. The negative figures now appearing within the growth area show the reimbursement of that one-off amount to the budget.
- (ii) In response to a question about how much additional funding the Authority would require to bring the roads up to the ideal standard, officers explained that work undertaken in the last five years estimated the cost to be at approximately £200–£230m at that time. Spread over ten years, this would require £20m per year in additional investment. It was noted that the criteria used to assess the condition of road surfaces had since changed, and the Department was currently re-evaluating the Leicestershire highways network against the new Government reporting requirements. This would provide a more up to date and accurate estimate of the funding required to get the roads up to the standard the Authority would want to provide.
- (iii) The Council was expecting to receive around £28m in capital allocation next year from the Government for highway maintenance the level of funding would need to be almost double the current allocation to bring the present road surfaces back to a desired standard. It was emphasised that this was not a

matter of adding one or two million pounds but would require a significant step change in capital investment.

SEN Transport

- (iv) A Member expressed significant concern regarding the rising costs of Special Educational Needs (SEN) transport and mainstream school transport, noting that the increase from £5m to £13m by 2029/30 was exceptionally large. The Member queried whether any financial support from the Government was anticipated, given that Leicestershire was one of the lowest funded authorities nationally. The Member emphasised that such pressures risked diverting resources away from other key services.
- (v) It was confirmed that the County Council continued to engage in national discussions about tackling the rising costs of SEN transport. The Council had taken a leading role in establishing a joint working group involving the Department for Education, and it was acknowledged that legislative changes were needed, actual outcomes had not yet materialised. Officers noted that the issue remained a severe national challenge.

Savings

- (vi) Addressing the reference to a necessary step-change in paragraph 23 of the report, officers explained that local authorities had been maintaining services with reducing resources for over 15 years. The Department had approximately £28m less from revenue budgets since 2009/10, despite rising demand across areas such as SEN transport, school transport and highways maintenance. Officers emphasised that the scope for further efficiency savings was extremely limited, and that fundamentally different approaches were now required.
- (vii) In response to a question regarding whether the vehicle maintenance costs had taken into account savings from reduced mileage, it was noted that the major efficiency set out in the report was a result of the replacement of the ageing vehicles and efficiency had arisen from the purchase of new minibuses in the previous year which would require maintenance less often. The older vehicles were becoming increasingly costly to maintain and replacing them helped to significantly reduce maintenance costs, therefore the saving was mainly as a result of the improved condition and reliability of the new fleet, rather than operational mileage changes.
- (viii) It was highlighted that the number of utility company excavations on the highways had increased significantly, and the Council was seeking to use technology more effectively to monitor when works were opened and closed, and to ensure appropriate fines or charges against the utility companies were applied where legislation allowed. This work would also explore charging for officer time spent providing advice and consultation to developers and new event organisers, as this activity currently created substantial unfunded demand.

- (ix) Members shared their concerns regarding the large number of traffic cones, temporary signs and road closure notices left on highways and verges long after works had finished. Members suggested that the current system was not functioning effectively and that abandoned signage became buried by vegetation growth and then damaged grass cutting machinery, leading to avoidable costs and operational difficulties for the Council and other providers. It was noted that while the Council carried out its own highway maintenance, a large proportion of works on the network were undertaken by utility companies and developers. These organisations typically use separate contractors for traffic management, excavation, reinstatement and associated activities, which could lead to communication delays and to cones and signage being left behind by different parties. Members were requested to continue reporting the left signage to the Department so that removal could be actioned by the relevant organisation.
- (x) It was suggested that the packaging reforms expected to bring behavioural changes from the public, such as reduced packaging and lower waste tonnages, should be factored into future financial assumptions. Officers confirmed the matter was referenced in the report at paragraph 42 and highlighted that the Council expected to receive £5.8m in 2026/27, funded by the packaging industry to recognise costs councils incur in managing packaging waste. It was acknowledged that the key question was the behavioural impact and that the packaging industry was likely to reduce packaging in response to the new reforms. The Council anticipated year on year reductions in Extended Producer Responsibility income as producers innovate and minimise packaging and that the financial planning therefore assumed a declining income and that waste management costs are already built into existing service budgets.
- (xi) Regarding Civil Enforcement Officers (CEOs), officers confirmed that parking enforcement operated on a self-financing model where the CEOs were paid for by the fines in partnership with district councils who were responsible for off-street parking and managing the CEO operation. While staffing and recruitment remained a challenge, CEOs were deployed at peak times when parking infringements were most prevalent in an area, and the service remained responsive to reported local issues. Members also highlighted that local people were aware of times when CEOs would be coming and avoided parking illegally at these times.

Other Funding Sources

- (xii) A Member highlighted that several bus services in Leicestershire had recently been introduced or reinstated on a one-year experimental basis. It was queried whether the continuation of the bus grant and the new long-term funding meant these services would generally be expected to continue. Officers welcomed the confirmation of continued grant funding for bus services and stated that this provided greater stability for the expanded network but highlighted that no guarantee could be given for any individual service and that performance would continue to be reviewed to ensure routes met expectations. It was emphasised that the new, longer-term funding meant that the recently introduced routes can continue beyond the initial experimental period and that any new routes would

have more time to establish and grow patronage and that the Demand Responsive Transport initiatives will also be maintained. It was highlighted that many communities had already benefited from the expanded network, and the extended funding will allow the Council to gather more data, refine services, and work with communities to improve provision.

- (xiii) A Member suggested that the Department considers the option of purchasing its own stress testing equipment for lamppost as it could potentially be a way of making additional income throughout the year as the current method of parish councils getting an external company to carry out these works was costly over a long period of time. It was acknowledged that when stress testing and column testing equipment was first considered, the costs of the equipment and associated setup fees had been extremely high, and the required computerised systems also contributed to the expense. It was suggested that officers would look into the available options.

Capital Programme

- (xiv) A Member highlighted that funding for major schemes decreased significantly year on year as highlighted within paragraph 46 of the report. Concerns were raised over whether the decline would be problematic or whether funding typically fluctuated. Officers explained that major schemes relied on external grant funding, as the Authority could not finance such large projects from its core capital budget. The report reflected current secured grants only and funding for schemes such as the A511 scheme were not yet listed as the full business case had not been submitted and that the majority of funding would be released once approved. As a result, the Capital Programme was expected to change over time as future grants were secured.
- (xv) The Government had also announced a national structures fund, which the Authority intended to bid for into.

RESOLVED:

- a) That the report on the Medium Term Financial Strategy 2026/27 - 2029/30 be noted;
- b) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 28 January 2026 and then to the Cabinet on 3 February 2026.



ENVIRONMENT, FLOODING AND CLIMATE CHANGE OVERVIEW AND SCRUTINY COMMITTEE - 26 JANUARY 2026

MEDIUM TERM FINANCIAL STRATEGY 2026/27 – 2029/30

MINUTE EXTRACT

The Committee considered a joint report of the Director of Environment and Transport and the Director of Corporate Resources which provided information on the proposed 2026/27 to 2029/30 Medium Term Financial Strategy (MTFS) as it related to the Environment, Flooding and Climate Change agenda of the Environment and Transport Department. A copy of the report marked 'Agenda Item '8' is filed with these minutes.

The Chairman welcomed Mr. A. Tilbury CC, the Cabinet Lead Member for Environment and Transport to the meeting for this item.

Arising from discussion, the following points were noted:

Growth

- (i) The Local Transport Grant (LTG) funding which had been transferred to address flood alleviation work, was one stream of Government funding which could be used flexibly for most highways and transport-related activities, excluding rail improvements. Members noted that some of the funding had been directed to highway maintenance, drainage and flood alleviation activities. It was emphasised that bus services were not impacted by this transfer, as they were funded separately through the Bus Fund Grant which could only be used to benefit bus services and passengers.
- (ii) In response to a Members query regarding the lack of budget provision for flood wardens, the Director confirmed that whilst no current budget allocation existed to support this service work was underway to review this for the future. Members noted that flood wardens currently formed part of the Resilience Service, but consideration was being given to this being transferred to the Environment and Transport Department. Depending on the outcome of this work, a future growth would need to be put forward to fund this activity.
- (iii) The transfer of sections of Ashby Canal to the Ashby Canal Association would not remove all costs relating to maintenance of the canal from the Council's budget. Members noted that only those sections required to rebuild specific sections of the canal would be transferred to the Association. The sections retained would therefore continue to be the responsibility of the Council and the costs forecasted for that had been included in the MTFS.

Savings

- (iv) The Corporate Efficiency Review being undertaken by Newton on the Council's behalf had begun with the intention of some additional savings being included in the 2026/27 budget. However, there were currently no initiatives that related to Environment Services. It was noted that since 2010 over £30m a year had been taken out of the Environment and Transport Department's overall revenue budget. The total budget for Environment Services was currently £1.6m and this covered a wide array of services. It was not considered possible to reduce this budget further. However, the Director provided assurance that services would continue to be challenged to be as efficient as possible.
- (v) A Member questioned what growth requirements could be expected following the Efficiency Review and what the aspirations were for the service with a current £1.6m budget. The Director highlighted that the key aims of the Service were as set out in its existing strategies and policies and that funding would be allocated to deliver these as efficiently and effectively as possible. It was highlighted that the Department would also continue to work to secure any other grant funding streams that might come available which would support its current approach.

Other Funding Sources

- (vi) A Member queried the Department's capacity to seek additional grant-funded noting the level of work involved in making a submission and the staff resources required to support this. The Director confirmed that this was an ongoing issue that the Department and the Council as a whole had to manage. It was highlighted that staffing levels varied across the Service and that there were significant challenges in recruiting to specialist positions, with competition from the private sector and national bodies that could offer higher salaries being a key issue. Whilst the Department continued to use agency staff where necessary this did come at a higher cost. Members further noted whilst the budget existed in some areas, for example to support flood alleviation work, several posts remained vacant due to the challenge of recruiting the necessary skills to the Council in these service areas.
- (vii) It was noted that there were no future developments relating to Environment Services. However, there were proposals within the Highway and Transport Services budget which would have an impact on and contribute to the delivery of environment related outcomes. The Director undertook to share more information with the Committee regarding such relevant future developments within the MTFS.

Capital Programme

- (viii) Reference to 'Green Vehicle Fleet' as a future development within the Capital Programme related to work taking place to examine the feasibility of installing charging infrastructure at Council depots. This was in response to the Government's current mandate preventing the purchase of new internal combustion engine vehicles which would require the Council to move over to an

electric fleet. The Department would monitor the national position in relation to this legislation and The Director confirmed there was currently no commitment to invest to green the fleet.

(ix) A Member requested clarification regarding capital substitution pressures and potential impacts on highways and flood alleviation schemes highlighted in the report. It was noted that recent national changes to accounting rules now required County Council staff working on capital schemes to be funded from the Council's revenue budget, while agency or externally contracted staff could still be paid through the Capital Programme. This had created some accounting challenges which had now been resolved. The Committee was assured that this was an accounting matter and did not impact the delivery of projects with the current Capital Programme.

RESOLVED:

- a) That the report on the Medium Term Financial Strategy 2026/27 -2029/30 be noted;
- b) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 28 January 2026 and then to the Cabinet on 3 February.

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