



DATE: 21 September 2020  
MY REF: MIS/CCouncil  
PLEASE ASK FOR: Mr. M. I. Seedat  
DIRECT DIALLING: (0116) 305 2583  
E-MAIL: [mo.seedat@leics.gov.uk](mailto:mo.seedat@leics.gov.uk)

Dear Sir/Madam

I summon you to the MEETING of the LEICESTERSHIRE COUNTY COUNCIL to be held via MICROSOFT TEAMS on WEDNESDAY, 30 SEPTEMBER 2020 at 2.00 p.m. for the transaction of the business set out in the agenda below.

Yours faithfully



Chief Executive

**Please note: This meeting will not be open to the public in line with Government advice on public gatherings. The meeting will be webcast live via YouTube:**  
<https://www.youtube.com/channel/UCWFpwBLS6MnUzGOWjejrQtQ>

## **A G E N D A**

1. Chairman's Announcements.
2. To confirm the minutes of the meeting of the Council held on 8 July. (Pages 3 - 22)
3. To receive declarations by members of interests in respect of items on this agenda.
4. To answer questions asked under Standing Order 7(1)(2) and (5).
5. To receive position statements under Standing Order 8.

**To consider reports of the Cabinet, Scrutiny Commission, Scrutiny Committees and other bodies:**

6. Reports of the Cabinet.
  - (a) Medium Term Financial Strategy - Latest Position. (Pages 23 - 56)



7. Report of the Constitution Committee.

(a) Appointment of Independent Persons.

(Pages 57 - 62)

8. To consider the following notice/s of motion:

(a) Sky Lanterns and Helium Balloons - Mr. J. Orson JP CC

Sky Lanterns are essentially small hot air balloons made of paper with an opening at the bottom where a small fire is suspended. The lanterns can be released into the air once lit until they burn out. A Defra report concluded that the main concern regarding sky lanterns was in relation to causing fire, as there have been several significant fires nationally which have been attributed to their use. In respect of helium balloons the report also raised concerns in relation to the ingestion of such balloons by animals.

The Fire Service, Royal Society for the Prevention of Cruelty to Animals (RSPCA) and many other organisations including the Marine Conservation Society, Women's Food and Farming Union (WFU), Soil Association and National Farmers Union (NFU) all support a ban on sky lanterns and helium balloons.

This motion therefore calls on the Council:-

- a) Refuse permissions for the release of any sky lanterns or helium balloons from any Council owned land regardless of the purpose for the release;
- b) Refuse the sale of any sky lanterns or helium balloons at any Council event or property;
- c) Require officers to introduce a condition of contract relating to outdoor events and organised functions on land or property owned and/or controlled by the County Council to prohibit the release of any sky lantern or helium balloons regardless of purpose.
- d) To provide information on its website and write to the Association of Parish Councils drawing attention to the harmful effects of sky lanterns and helium balloons on the environment and animals
- e) To write to the Secretary of State (DEFRA) requesting a ban on the sale of sky lanterns and helium balloons.

**MINUTES OF THE MEETING OF THE LEICESTERSHIRE COUNTY COUNCIL  
HELD AT COUNTY HALL, GLENFIELD ON WEDNESDAY, 8 JULY 2020**

**PRESENT**

Mrs. P. Posnett MBE CC (in the Chair)

Mr. T. Barkley CC, Mr. P. Bedford CC, Mr. I. E. G. Bentley CC, Mr. D. C. Bill MBE CC, Mr. R. Blunt CC, Mr. G. A. Boulter CC, Mr. S. L. Bray CC, Mr. L. Breckon JP CC, Dr. P. Bremner CC, Ms. L. Broadley CC, Mr. M. H. Charlesworth CC, Mr. J. G. Coxon CC, Mr. B. Crooks CC, Dr. T. Eynon CC, Dr. R. K. A. Feltham CC, Mrs. H. J. Fryer CC, Mr. S. J. Galton CC, Mr. D. A. Gamble CC, Mr. T. Gillard CC, Mrs. A. J. Hack CC, Mr. D. Harrison CC, Dr. S. Hill CC, Mr. Max Hunt CC, Mr. J. Kaufman CC, Mr. W. Liquorish JP CC, Mr. J. Miah CC, Mr. J. Morgan CC, Mr. M. T. Mullaney CC, Ms. Betty Newton CC, Mr. O. O'Shea JP CC, Mr. J. T. Orson JP CC, Mr. P. C. Osborne CC, Mr. I. D. Ould OBE CC, Mrs. R. Page CC, Mr. B. L. Pain CC, Mr T. Parton CC, Mr. A. E. Pearson CC, Mr. T. J. Pendleton CC, Mr. L. Phillimore CC, Mr J. Poland CC, Mrs. C. M. Radford CC, Mr. J. B. Rhodes CC, Mr. T. J. Richardson CC, Mrs H. L. Richardson CC, Mrs. J. Richards CC, Mr. N. J. Rushton CC, Mrs B. Seaton CC, Mr. S. D. Sheahan CC, Mr. R. J. Shepherd CC, Mrs D. Taylor CC, Mr. G. Welsh CC, Mrs. A. Wright CC, Mrs. M. Wright CC and Mr. M. B. Wyatt CC

**1. APPOINTMENT OF CHAIRMAN.**

It was moved by Mr Rushton, seconded by Mr Galton and carried:-

“That Mrs Posnett be re-elected Chairman for the period until the next Annual Meeting of the Council.”

Mrs Posnett read out and signed her Declaration of Acceptance of Office which was witnessed and signed by the Chief Executive.

**2. CHAIRMAN'S ANNOUNCEMENTS.**

**Mr G. Gibson, Mr A. O'Brien and Mr D. B. Radford**

It was with sadness that the Chairman reported the deaths of three former County Councillors, Mr G. Gibson, Mr A. O'Brien and Mr D. B. Radford.

**Mr Geoffrey Gibson** served as a member of the County Council from 1973 to 1985 and represented the Barrow upon Soar Electoral Division. He served as Leader of the Council from 1973 to 1980 and during his term of office served mainly on the Policy and Resources and Finance and General Purposes Committees of the Council. Mr Gibson passed away on 28<sup>th</sup> February 2020.

**Mr Tony O'Brien** served as a member of the County Council from 1985 to 1997 representing the Evington Electoral Division. He served mainly on the Social Services and the Urban Policies Committees of the Council. Mr O'Brien passed away on 3<sup>rd</sup> April 2020.

**Mr David Radford** served as a member of the County Council from 1973 to 1977 and again from 1981 to 1997 and represented the Eyres Monsell Division. He was elected Chairman of the Council from 1986 to 1987 and during his term of office he served mainly on the Environment and Policy and Resources Committees. Mr Radford passed away on 20<sup>th</sup> June 2020.

### **Mr S. Jones and Mr M. Wells**

It was with sadness that the Chairman reported the deaths of two former senior officers, Mr S. Jones and Mr M. Wells.

**Sam Jones** was appointed Chief Executive of Leicestershire County Council in 1976 and served in this role, and as Clerk of the Lieutenancy, until 1991. His early career in local government began as an Assistant Solicitor in 1964 for Macclesfield Borough Council. He then joined Bedford Borough Council, Coventry City Council, and Sheffield City Council, before coming to Leicestershire. His final appointment was as Clerk of the City of London Corporation until his retirement in 1996. He was appointed a Deputy Lieutenant of Leicestershire in 1992. Sam passed away on 6<sup>th</sup> March 2020.

**Mick Wells** served as the County Director of Social Services until his retirement in 1998. Mick Wells joined the Leicester City Welfare Department in 1958 and held several posts before being appointed as Assistant Director in 1973 then promoted to be Deputy Director a post he held until 1986 when he was appointed as Director and remained in post until retirement. Mick passed away on 24<sup>th</sup> February 2020.

The Chairman invited the Council to stand in silent tribute to the memory of Geoffrey Gibson, Tony O'Brien, David Radford, Sam Jones and Mick Wells and also for all Leicestershire residents who sadly lost their lives during the pandemic.

### **Remembering Srebrenica**

2020 marked 25 years since the genocide in Srebrenica in Bosnia-Herzegovina where 8,372 Bosnian Muslim men and boys were murdered in the worst atrocity on European soil since the Second World War.

The Chairman invited all Members to join her in observing a one-minute silence as the Council remembered those murdered in Srebrenica on 11<sup>th</sup> July 1995, the survivors of the Death March, the men who survived the mass executions, to honour their courage in telling their stories, the Mothers of Srebrenica, who grieve every day for their missing and murdered relatives and who fight tirelessly for truth and justice, and the women and girls caught up in this atrocity along with the elderly, the sick and the children murdered during the fall of Srebrenica.

The Chairman asked all members to stand in silent remembrance of the lives lost and destroyed by hatred, prejudice and genocide denial.

### 3. MINUTES.

It was moved by the Chairman, seconded by Mr Kaufman and carried:

“That the minutes of the meeting of the Council held on 17 February 2020, copies of which have been circulated to members, be taken as read, confirmed and signed.”

### 4. DECLARATIONS OF INTEREST.

The Chairman invited members who wished to do so to make declarations of interest in respect of items on the agenda for this meeting.

All members who were members of District and Borough Councils declared a personal interest in the report of the Cabinet on Coronavirus – Item 7A on the agenda – (minute 7A refers).

Mrs Posnett, Mr Pearson and Mr Orson declared a personal interest in relation to the Melton Mowbray Distributor Road referred to in the Leaders Position Statement (minute 6 refers).

Ms Hack declared a personal interest in the question she had asked regarding school transport refunds (minute 5 refers).

Mr Miah declared a personal interest in the report of the Cabinet on Coronavirus – Item 7A on the agenda - as a member of a local charity working to support people affected (minute 7A refers).

Dr Eynon, Mrs Radford, Dr Hill, Mr O’Shea and Dr Feltham declared a personal interest in the report of the Cabinet on Coronavirus – Item 7A on the agenda as volunteers or management committee members on voluntary and community bodies that had applied for and were successful in obtaining a community grant from the County Council (minute 7A refers).

### 5. QUESTIONS ASKED UNDER STANDING ORDER 7(1)(2) AND (5).

**(A) Dr Eynon asked the following question of the Leader or his nominee:**

“On 29<sup>th</sup> January 2020 the Leicester Mercury reported a spokesperson for the Council as saying: “We are looking into the possibility of working with the National Forest Company to investigate the feasibility of expanding the National Forest’s boundaries.”

An aspiration to plant more trees is mentioned in this Council’s Tree Strategy. The Environment Strategy refers to a need to protect and enhance the National Forest, but boundary changes and expansion are not mentioned.

- What proposals, if any, exist for planting in the area of the Charnwood Forest Regional Park?
- Are there any plans to expand the current National Forest Boundary?
- Have formal discussions taken place with the National Forest

Company, DEFRA or any government department?"

**Mr Pain replied as follows:**

"Officers of the council continue to work closely with the National Forest Company (NFC) to promote tree planting within existing boundaries and there are a number of projects that are being planned. This planning is at an early stage and will involve discussions with partners and stakeholders so details are not available at this point in time. The most recent meeting took place on Friday 26<sup>th</sup> June.

The NFC current position is to maintain the integrity of its current 200 square mile boundary to continue to create the identity of the National Forest, target resources for delivery, and focus effort to achieve its new 25 Year Vision. However, the NFC will also continue to operate outside of the boundary in delivering shared objectives that will buffer, support and strengthen the National Forest environment, economy and communities. In addition, the NFC will share its expertise and learning with partners at a local, national and international level to demonstrate and advocate climate change mitigation and adaptation, with the National Forest as an exemplar of sustainable living.

A specific project worth mentioning is the creation of a Covid-19 commemoration wood at Market Bosworth Country Park. This is outside of the National Forest boundaries but has been supported by the NFC as it is part of the gateway to the forest.

The County Council recently launched its Tree Strategy and looks forward to the appointment of a new Forestry Manager in August. More details around tree planting and partnership working will emerge in due course."

**(B) Dr Eynon asked the following question of the Leader or his nominee:**

"During discussions with Snibston Stakeholders and Community Group, some months ago, a suggestion was put forward to create an access way between the newly refurbished Snibston Heritage Park and Coalville Town Football Club. This proposal would encourage visitors to the town to park on County Council premises and divert football traffic away from the congested residential town centre streets.

Could the Leader tell me what progress has been made on implementing this suggestion?"

**Mr Rhodes replied as follows:**

"The matter that was raised with Council officers was to create a pedestrian gateway that would enable access from the car park onto the public pathway and into the Football Club. Officers have managed to include this extra provision within the scope of the Snibston development programme."

**Dr Eynon asked the following supplementary question:**

“I thank the Lead Member for this response and am pleased to see that officers have managed to include the provision of a pedestrian gateway as part of the Snibston development programme and that this will allow access from the Snibston car park into the Football Club.

Please may I have a copy of a scale drawing of the proposed access to share with partner organisations and the wider community including the Football Club?”

**Mr Rhodes replied as follows:**

“Yes, I will ask the officer concerned to send this to you.”

**(C) Mrs Hack asked the following question of the Leader or his nominee:**

“In light of Covid, School Transport is delivered differently across the County and the response from schools and bus operators to refunds varies from school to school, bus company to bus company. A recent article in the Leicester Mercury indicated that some services are offering full refunds and some are offering nothing.

<https://www.leicestermercury.co.uk/news/local-news/two-school-bus-firms-plan-4233451>.

Bosworth Academy, a school that provides secondary school places in my patch (among others), normally transports 1,000 children a day. This school has offered a 50% refund on the service.

There also appears to be confusion about the CMA guidance on provision of services and if this applies to school provided bus transport.

In view of this could the Leader let me know:-

- a) What advice if any can the County Council give to schools and parents related to this guidance?
- b) What representations have the County Council made, or will make, to Government regarding the ongoing viability of school transport?
- c) What work has been done, can be done, to offer support and guidance to school colleagues, who are working with commercial operators to get to the most appropriate way forward?
- d) Given that there is a disparity of approaches regarding refunds, what can be done to get consistent guidance about school transport and refund policy?”

**Mr Pendleton replied as follows:**

- “a) The CMA have confirmed that the guidance does apply to school-provided bus services. The position with season ticket arrangements is also the same and so, for the period of lockdown, the general principles apply and the full refund should be provided.

Each commercial bus operator or school provider should have their own terms and conditions in relation to the sale of school travel passes. These should meet the CMA's standards and it is their responsibility to ensure that consumers get a good deal when buying goods and services. Businesses must operate within the law, which includes protecting consumers from unfair trading practices. Schools and parents should ensure that they understand and agree with the terms and conditions of any commercial school bus provider before signing up to their service.

- b) The Council has made continued representations through bodies such as the Local Government Association (LGA), Association of Directors of Children's Services (ADCS), County Councils Network (CCN), the Association of Directors of Environment, Economy, Planning and Transport (ADEPT), the Association of Transport Co-ordinating Officers (ATCO) and direct to the Department for Transport (DfT) and Department for Education (DfE) regarding the viability of school transport. These representations have increased and become more urgent because, as a result of the pandemic, the costs of providing home to school transport could double for mainstream delivery and triple for the provision of Special Educational Needs (SEN) transport. Representations have also been made alongside the ongoing dialogue around the Public Service Vehicle Accessibility Regulations (PSVAR) which could affect the viability of commercial school operation.
- c) The County Council purchases school transport on commercial school bus services for pupils eligible for free transport under a Service Level Agreement, which is a contractual agreement between the Council and the commercial school bus service provider. These include terms and conditions in relation to refunds and cancellations. The Council has continually encouraged schools to have a similar agreement with the bus operators to ensure the services provided meet their requirements and the Council has offered to provide copies of its own Service Level Agreement for schools to adapt to meet their own requirements.
- d) Commercial school bus services are provided by a variety of different bus operators who will have their own terms and conditions regarding transport provision and refunds. Whilst bus operators cannot be forced to adopt a particular approach, schools could introduce an approved standard service level agreement to ensure services are managed consistently by schools across the County. This would require all schools to adopt the same service level agreement with their particular commercial school bus provider."

**(D) Mr Wyatt asked the following question of the Leader or his nominee:**

"There is growing anger locally in the village of Ellistown over the failure by the County Highways Department to address the increasing incidents of HGV's using the village as a through road. This has been reported on numerous occasions to the Highways Customer Services Centre. Many



HGVs are getting stuck and causing damage to vehicles of local residents due to the lack of signage and enforcement by the Highways Department and the Police.

Can I ask the Leader if he would instruct the appropriate officers to liaise with me and the local Parish Council to formulate a plan to tackle this growing problem which is blighting the lives of many local residents, particularly those on St Christopher Road which is a no through road?"

**Mr Pendleton replied as follows:**

"Contraventions of weight restrictions can only be enforced by the Police, they can be contacted on their non-emergency number 101.

The Police will deal with the complaint by making contact with the haulier concerned, if known, and establishing whether the HGV was driving legitimately through the weight restricted area.

Following previous discussions with Mr Wyatt a review of the signage was undertaken. There is weight restriction signage approximately 200m to the south of this junction on Ellistown Terrace Road indicating the start of the weight restriction zone. Weight restrictions are created through a zonal method, by which we restrict the movement of heavy goods vehicles to mainly A and B class roads, with the addition of some strategically important unclassified roads. St Christopher's Road falls within a weight restriction zone. Repeater signs are not permitted within a zone.

If the local community would like to discuss how they could start a community lorry watch scheme to assist the Police with enforcement this can be arranged."

## **6. TO RECEIVE POSITION STATEMENTS UNDER STANDING ORDER**

### **8.**

"The Leader gave a position statement on the following matters:

- Coronavirus (COVID-19)
- Lockdown of Leicester and surrounding areas
- Economic Recovery
- Devolution
- Melton Mowbray Distributor Road
- The retirement of Ivan Ould CC from his role as Cabinet Lead Member for Children and Families and Community Safety.

A copy of the position statement is filed with these minutes.

## **7. REPORTS OF THE CABINET.**

### **(a) COVID-19 - Impact and response of the County Council - Recovery, Economic and Financial Impact.**

It was moved by Mr Rhodes, seconded by Mr Breckon, and carried:

"a) That the work being undertaken address the on-going impact of and to

recover from the coronavirus (Covid-19) pandemic be noted

- b) That the increasingly serious financial position facing the County Council and the measures in place to monitor and minimise the impact be noted.”

**(b) Revised Strategic Plan 2020-2023.**

It was moved by Mr Pain, seconded by Mr Rushton and carried:

“That the revised Strategic Plan 2018 -2022 be approved, recognising that the Plan will need to be revisited as a result of the coronavirus pandemic.”

**(c) Revised Environment Strategy and Action Plan.**

It was moved by Mr Pain, seconded by Mr Pendleton and carried:

- “a) That the revised Environment Strategy 2018-2030, the associated revised Environment Strategy Action Plan and Tranche 1 of the Carbon Reduction Roadmap, be approved;
- b) That it be noted that a further report presenting the complete Carbon Reduction Roadmap (incorporating the newly developed Tranche 2) will be submitted to the County Council in the summer of 2021.”

**(d) Equalities Strategy 2020-2024 and Equality Action Plan 2020-2021.**

It was moved by Mrs Richardson, seconded by Mr Rushton and carried:

“That the Equality Strategy 2020 -2024 and Equality Action Plan 2020- 2021 be approved.”

**(e) Youth Justice Strategic Plan 2020-2023.**

It was moved by Mr Ould, seconded by Mrs Taylor and carried:

“That the Youth Justice Strategic Plan 2020 – 2023 be approved.”

**(f) Dates of Council Meetings 2020/21 and 2021/22.**

It was moved by Mr Rushton, seconded by Mr Shepherd and carried:

“That Council meetings in 2020/21 and 2021/22 be held on the following dates:-

- Wednesday 30 September 2020
- Wednesday 2 December 2020
- Wednesday 17 February 2021 (to consider the budget)

- Wednesday 19 May 2021 (Annual Meeting)
- Wednesday 7 July 2021
- Wednesday 29 September 2021
- Wednesday 1 December 2021
- Wednesday 23 February 2022 (to consider the budget)
- Wednesday 18 May 2022 (Annual meeting)”

## **8. REPORT OF THE SCRUTINY COMMISSION.**

### **(a) Overview and Scrutiny Annual Report 2019/20**

It was moved by Mr Galton, seconded by Mrs Page and carried:

“That the information contained in the Overview and Scrutiny Annual Report 2019/20, attached as Appendix A to this report, on its activities, be noted.”

## **9. TO MAKE APPOINTMENTS IN ACCORDANCE WITH ITEMS 11 AND 12 OF STANDING ORDER 4.**

### **(a) To appoint the Leader;**

It was moved by Mr Pain, seconded by Mr Shepherd and carried:

“That MR N. J. RUSHTON be appointed Leader of the Council for the period until the next Annual Meeting of the Council.”

(The Labour Group requested that it be noted that they abstained from voting).

### **(b) To note any changes to the membership of the Cabinet made by the Leader;**

It was moved by Mr Rushton, seconded by Mr Shepherd and carried:

“That it be noted that the Leader proposes to appoint the members named on list ‘1’ attached to the Order Paper as members of the Cabinet.”

(The Labour Group requested that it be noted that they abstained from voting).

### **(c) To appoint Cabinet Support Members as the Council considers appropriate;**

It as moved by Mr Rushton, seconded by Mr Shepherd and carried on a majority vote:

“That the following members be appointed as Cabinet Support Members until the next Annual Meeting of the County Council, as provided for in Article 7 of the Council’s Constitution: -

Mr O. O’Shea

Mrs B. Seaton  
Mrs C. M. Radford”

(The Liberal Democrat Group and Labour Group voted against the motion to appoint Cabinet Support Members).

- (d) **To appoint members of the Scrutiny Commission, Boards and Committees (including the naming of Chairmen and Spokesmen/Spokespersons).**

It was moved by Mr Shepherd, seconded by Mr Charlesworth and carried:

“That the membership of the Scrutiny Commission, Boards and Committees as set out in List ‘2’ and the Chairmen Elect and Spokespersons named in List ‘3’ attached to the Order Paper, be approved.”

2.00 pm – 6.40 pm  
08 July 2020

CHAIRMAN

**COUNTY COUNCIL MEETING – 8<sup>TH</sup> JULY 2020**  
**POSITION STATEMENT FROM THE LEADER OF THE COUNCIL**

**COVID-19**

These last few months have been the biggest challenge of our lifetime and this challenge continues. I would like to begin by saying that my thoughts, and no doubt those of all members of this Council, are with those who have lost loved ones.

Elsewhere on this agenda is a report on Covid-19 recovery and the financial impact this has had and is having on the Council. I do not intend to cover these aspects in any great detail in my statement save to say that you can be rest assured that I am making every effort to ensure that the financial impact of the virus is brought to the attention of our Members of Parliament and the Government. It is vital this message gets through and Byron Rhodes will say more on this.

Whilst Covid-19 has had a devastating impact it is heartening to see how people and, in particular, the public sector have responded and risen to the challenge. I clearly cannot cover all services and staff but I thought it would only be right to highlight some of the remarkable work undertaken.

- Ensuring that the thousands of volunteers and people and communities needing help were brought together;
- Establishing and distributing the £1.5million Communities Fund which has supported 160 groups to carry on with their vital work despite the inevitable impact coronavirus has had on their finances;
- Supporting and ensuring that the 25,000 people on the Government's shielded list were contacted and provided with the support they needed including food and prescriptions;

- Providing daily support to care homes which have been severely affected;
- Our children social care teams who continued to carry out vital visits and online contacts to keep vulnerable children safe and to our foster carers for their positivity and resilience;
- Our schools' staff who continued to provide innovative teaching on line programmes to all children and opening schools throughout this period (including school holidays) so essential workers could continue to work. Schools went beyond what is normally expected of them and they have been at the heart of their local communities providing support to families in need;
- Undertaking essential highway maintenance so that our roads remain safe;
- Working to prevent vulnerable people falling victim to scams and substandard goods.

Underpinning all this, is the work of our back-office staff. From IT to finance and from emergency planners to school food, they provide the important foundations.

And, of course, some of those services are now additionally affected by the lockdown.

### **Lockdown of Leicester and surrounding areas**

On Monday, 29<sup>th</sup> June the Secretary of State for Health reported a high number of positive cases in Leicester, much higher than the national average. The statement by the Secretary of State included the following: "These Leicester-specific measures will apply not just to the city of Leicester, but also to the surrounding conurbation, including for example, Oadby, Birstall and Glenfield."

I have previously described how the map had to be drawn up in a matter of hours and that it was based on ONS (Urban/Rural Classification) data defining the area around Leicester as an 'urban area', plus expert advice from Public Health England epidemiologists about the potential spread of the virus.

I am well aware that any map drawn up in these circumstances would be unpopular in some quarters, but I hope anyone will recognise that a deadly virus does not respect administrative boundaries.

I would like to take this opportunity to advise members that although cases in Leicestershire are a lot lower than two months ago, the rate of cases has not decreased as quickly, or as far, as other areas. Overall, Leicestershire has had the 14<sup>th</sup> highest rate of new cases in the last seven days of all upper tier local authorities. In the context of the debate on the lockdown area, it is important to note that Leicestershire is far from out of the woods.

Baroness Dido Harding, who is leading the Government's test and trace programme, visited Leicester last Monday. She was very helpful in her understanding of the local situation and spoke of our impressive partnership working, as did the Secretary of State, Matt Hancock, in Parliament yesterday in response to a question from Dr Luke Evans MP. I thanked the Secretary of State when I spoke to him on a call later.

As I said a few days ago, I would be disappointed if anyone sought to exploit what has happened for any purposes which deflect from what the County Council is trying to do to help the Government and protect our citizens. Now is the time for political and community leaders (and that includes all Leicestershire Councillors be they County, District or Parish) to come together and show leadership so that we can work with our communities to address this challenge and do all we can to support and protect the people we serve.

I would echo the comments of the Lord Lieutenant who in his open letter urged everyone to work together, to avoid the promotion of a divide between the City and County and for calmer attitudes to prevail. Baroness Harding was aware of what the Lord-Lieutenant had written and thought he was right to do so.

Finally, can I thank everyone in the protected area of Leicester and its surrounds for their compliance with the current lockdown rules which are in place. Outside of the protected area the vast majority have complied with the Government guidelines, acted responsibly and observed social distancing. Sadly, there were a number of incidents and a serious problem in Market Harborough where the Police were forced to put in place a dispersal order. I would remind people that unless we adhere to the guidance, we certainly risk a further spike in the virus.

### **Economic Recovery**

To date the pandemic has had a particularly devastating impact on our older residents but the longer-term consequences are likely to fall most harshly on the young. It will be the 18 to 24 year olds who may be most adversely affected by the economic and employment impacts of the pandemic and the long-term financial cost of the crisis will be picked up disproportionately by younger people. It's our role to support them, to give them the right skills and to find them good quality jobs.

As is already evident the economic impact has been severe with the latest figures showing that the number of people claiming out of work benefits has more than doubled to nearly 19,000 and one in four working people across the



county have been furloughed. Those in elementary and customer service trades have been hardest hit to date.

A partnership response, involving councils, businesses, the Government, and colleges will be key. The LLEP, our local enterprise partnership, is leading for the county and city and the County Council is playing a key role in supporting that work. The LLEP has put in place an economic recovery strategy and is chairing an Economic Recovery Cell which forms part of the Local Resilience Forum's response. The Council has swung into action quickly too. For example, we're making changes in town centres to support businesses and we're about to launch a £750,000 grant scheme, funded from the business rates pool, which will support town and rural businesses get back on their feet. Our services are also looking at ways to deliver in ways that support business recovery.

I note that the Prime Minister has also recognised the severe impact of Covid-19 and the need to grow our way out of this current crisis. There is increasing talk of investment in infrastructure and what is referred to as 'shovel ready' schemes. The County Council stands ready to work with Government and is well placed in having several such schemes that our Growth Unit has been developing over the last few months.

The extension of the lockdown to parts of the County has naturally affected the businesses within. I know the Government are sympathetic and anxious to provide support through existing and possible other measures.

### **Devolution**

At the virtual LGA Conference the Rt Hon Simon Clarke MP Minister of State (Minister for Regional Growth and Local Government) reported that the

Government intends to embark on the *'most ambitious devolution deal in 70 years'*. He stated that whilst Elected Mayors would not be the only model of devolution he believed that they were the best. He indicated that he would work with local areas and discuss what is best but would give the most generous deals in terms of funding and powers to areas that take up the mayoral model. Alongside mayors he is also looking for a bigger role for town and parish councils.

In terms of minimum size for any new unitary authority he indicated that 300,000 to 400,000 is the floor and that he had begun discussion with officials on the question of optimum size.

A devolution White Paper is likely to appear in the Autumn and, if it does, I believe that the Council would need to look at any devolution deal very seriously. The County Council has already undertaken a significant amount of work on developing a robust business case for a single unitary council for Leicestershire with greater powers for town and parish councils. That business case also demonstrated the significant financial savings, in the order of £30million ongoing, that a single unitary would bring. Local Government faces severe, long-term financial challenges and these are likely to get worse. I agree with the Minister of State that we need to consider "how we can best govern maximum accountability and least cost to the taxpayer".

I have previously said that I am supportive of a 6Cs model of an elected mayor, plus unitary authorities to make it work. What the East Midlands needs to do to get its act together. For far too long our two-tier structure has held us back and we have lost out big style to other areas already with Devo deals. It is time that changed. Locally we need to create a Council for Leicestershire which is fit for the 21<sup>st</sup> Century, improves services, reduces confusion and duplication and gets a better deal for our residents.

## **Melton Mowbray Distributor Road**

Since the last County Council meeting, Melton Borough Council (MBC) has turned down an offer from the County Council to undertake a masterplanning exercise at our expense intended to focus on the viability of Melton's South Sustainable Neighbourhood. MBC then did its own plan and took it to their Cabinet. They were advised by the County Council that as a consultee we saw nothing in the masterplan that suggested the South Neighbourhood was financially viable but no reference to the County Council's view was made in their Cabinet meeting, which approved the masterplan.

The Director of Law and Governance drew Cabinet's attention to her concerns about how MBC's decision was taken. At that meeting on 23<sup>rd</sup> June Cabinet was advised to say again that we are not in a position to accept the grant offer from Homes England to support the construction of the southern leg of the MMDR. Financial viability is crucial since the County Council's investment in the form of forward funding at a difficult financial time would have to be repaid in developer contributions. Clearly any concerns about viability would impact on that and we were also concerned that the masterplan gave no indication about timescales for delivery of the neighbourhood development.

This is particularly disappointing since MBC were advised of the County Council's estimates of what would be required from developer contributions for education and highway infrastructure. Even those would test the financial viability of the scheme and that is before we know what MBC themselves require from developer contributions and what would be required by the NHS, and the Police and utility companies.

If MBC had accepted the County Council's offer last March for us to do a masterplan at our own expense, I do not believe that the current situation would have arisen.

Less anyone should think that the County Council is being unfair to Melton, the County Council's commitment (and potential financial exposure) to deliver the scale of infrastructure required to support growth in Melton is around £160m gross investment – broadly £100m for roads and £60m for schools, with those costs expected to rise post Covid-19. Even after allowing for potential grant funding, the Council's exposure would still be in the order of £100m – a scale of forward funding way in excess of anything we have committed to previously.

### **Ivan Ould CC**

As members will be aware Ivan Ould has decided to retire from his role as Cabinet Lead Member for Children and Families and Community Safety. Ivan has been on the Cabinet since 2001 when it was formally established under the powers granted by the Local Government Act 2000. Prior to that he was the joint Lead Member (with Simon Galton) for the Education Department when the Joint Administration was formed in 1999. Ivan became the designated Lead Member for Children's Services from July 2005, following the legislation of 2004.

Ivan is the longest serving member on the Cabinet and during his tenure he has successfully overseen some significant changes in the service. Ivan has had a relentless focus on improving educational standards within schools and the fact that today we have some of the best schools and educational achievements is down to Ivan.

Ivan has also been an advocate and champion for all children and, in particular, children in care and care leavers and has worked hard to ensure that support and resources for this group of children was protected.

From a personal point of view, I will miss Ivan's good counsel and his attention to detail. I am pleased that Ivan will still be around to provide advice and support as we move forward in this difficult time.

I am sure all members of the Council, regardless of their political persuasion, will recognise the significant contribution that Ivan has made to the Council.

**N. Rushton CC  
Leader of the Council**

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## REPORT OF THE CABINET

### MEDIUM TERM FINANCIAL STRATEGY – LATEST POSITION

#### Introduction

1. This report provides members with an update on the 2020/21 revenue budget and capital programme monitoring and the approach to updating the Medium Term Financial Strategy (MTFS) for 2021 to 2025. A report considered by the Cabinet on 18<sup>th</sup> September is attached as Appendix 1.

#### Background

2. The Medium Term Financial Strategy for 2020/21 to 2023/24 was approved by the County Council on 19th February 2020.
3. The financial position faced by the County Council is extremely serious and challenging. The current MTFS anticipated a funding gap of £39m by 2023/24 but the additional pressures from Covid-19 will increase that gap significantly. This is a particularly difficult situation for a low-funded authority such as Leicestershire as room for further savings is limited.
4. Financial reporting to the Cabinet this year has focused on the large and detrimental impact of Covid-19. The latest return to Government shows an impact, before grants and interventions, approaching £90m for this financial year alone. This figure is a combination of the impact on County Council services (e.g. PPE); County Council support paid for by partner organisations (e.g. early discharge of patients by Health services); and County Council support for Government initiatives (e.g. Test and Trace).
5. The size of the financial impact, continually changing national position and dependence on the Government's support exemplifies the difficulty making a definitive estimate of the impact upon the County Council. The County Council's financial position is further complicated by the pressures that pre-dated Covid-19, the local interventions to reduce costs and the usual budget variances that are generated. This report pulls together the overall financial position for the first time. With a significant adverse variance being reported the intention is to continue to identify interventions and press the Government for further support.
6. Allowing for Government grants, the latest estimate of the effect of Covid-19 is an additional net cost of £20m in 2020/21. Mitigations of £2m have been identified reducing the County Council's forecast overspend to £18m. This is a material and welcome improvement to the £28m reported in June. If it can be sustained the use of the General Fund will be avoided. Maintaining the General Fund would be a significant milestone as the requirement to replenish in 2021/22 will not be required.
7. If a sustained return to the national lockdowns experienced early this year is required significant financial pressure would be felt. Due to the national financial position it is likely that Government support would be reduced, pushing

a significant number of local authorities into financial distress. The Government's own estimate is that 5% of all councils are at high risk of financial failure, this County Council is not one of them.

8. Even if further lockdowns are not experienced it is vital that the County Council continues to reduce the financial gap in the current financial year, to avoid an impossible challenge building up in future years. The financial difficulties experienced pre-covid, relating to demand for services, have not gone away and the mitigations have been disrupted by the crisis. Additional financial pressures are expected to continue after the current financial year due to reduced council tax and business rates income, a continuation of costs to maintain infection control and the economic impact upon suppliers who may request further support, for example bus operators. The Government is unlikely to be as sympathetic to Councils' financial plight in future years.
9. The key mitigations taking place to reduce the overspend are:
  - a. Exploit Government schemes such as Furlough
  - b. Contain, where possible, the costs relating to the covid crisis
  - c. Re-prioritise discretionary spend
  - d. Implement controls to limit non-essential expenditure
  - e. Identify new savings and maximise existing.
10. Based on current information, it is very unlikely that the County Council, when it rolls forward the MTFS into 2024/25, will be able to identify sufficient savings to bridge the funding gap in the later years. To balance the budget without a significant impact on services will require a major efficiency initiative and a successful outcome to the fair funding campaign. The financial situation also requires the Government to deal with the structural national issues such as funding for social care and the relentless growth of demand for Special Educational Needs and Disabilities (SEND) services.
11. The MTFS will be refreshed over the autumn, with a similar approach taken to that followed in previous years, namely continued investment in organisational change, planning and robust delivery of savings and a realistic allowance for growth. However, this will be done in the context of significantly greater uncertainty than in previous years and is linked to the wider recovery service planning exercise being undertaken based around the four pillars of finance, ways of working, digital and carbon reduction.
12. These pillars will attempt to bring some clarity and structure to enable service and business planning to take place. However, it is recognised that this may be difficult over the coming months given the uncertainty around the continued measures the Government will put in place, and the risks around a second wave, as well as the likely longer term adverse impact on local businesses and unemployment levels (which are likely to have an upward impact on service demand at the same time as reducing the Council's core income levels).
13. In addition to the usual MTFS planning process, the difficult financial position in the current year also requires the Council to take some more immediate measures to control levels of expenditure, details of which are outlined in the appended Cabinet report.



14. The next three key Government announcements in relation to the Council's budget will be:-
- Comprehensive Spending Review – autumn 2020.
  - Autumn Budget Statement, anticipated in November.
  - Local Government Finance Settlement expected mid/late December.
15. The broad MTFS timetable is:
- September to November 2020 – Refresh growth, savings and capital including consideration by Lead Members.
  - December 2020 – the Cabinet to approve the draft MTFS for consultation.
  - December 2020 – receipt of the Local Government Finance Settlement
  - January 2021 – consultation on the draft MTFS, including Overview and Scrutiny Committees and the Scrutiny Commission.
  - February 2021 – the Cabinet requested to approve the final draft MTFS for submission to the County Council.
  - February 2021 – County Council requested to approve the MTFS for 2021/22 to 2024/25.

### **Equality and Human Rights Implications**

16. Public authorities are required by law to have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation;
  - Advance equality of opportunity between people who share protected characteristics and those who do not; and
  - Foster good relations between people who share protected characteristics and those who do not.
17. Many aspects of the County Council's MTFS may 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 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.
18. Proposals in relation to savings arising out of a reduction in posts will be subject to the County Council's Organisational Change policy which requires an Equality Impact Assessment to be undertaken as part of the Action Plan.

### **Consideration by the Scrutiny Commission**

19. The Scrutiny Commission at its meeting on 14<sup>th</sup> September noted the financial position of the Council as outlined in the report and the timetable for refreshing the MTFS. The minute is attached as Appendix C.

**Consideration by the Cabinet**

20. The Cabinet at its meeting on 18<sup>th</sup> September:-

- a) Noted the comments of the Scrutiny Commission;
- b) Noted the latest position of the 2020/21 revenue budget and capital programme as at the end of July 2020 and the effect of Covid-19;
- c) Approved changes to the 2020-24 capital programme;
- d) Noted the approach outlined in the report to updating the Medium Term Financial Strategy.

**Motion to be moved**

- a) That the latest position of the 2020/21 revenue budget and capital programme as at the end of July 2020 and the effect of Covid-19 be noted;**
- b) That the approach to updating the MTFS including actions being taken to mitigate the overspend, be noted**

**18th September 2020**

**Mr N. J. Rushton CC**

**Background papers**

Report to the Cabinet – 23 June 2020 – Covid-19 Impact and Response of the County Council – Recovery and Financial Impact

<http://politics.leics.gov.uk/documents/s154142/COVID%2019%20report%20June%20-final.pdf>

Report to County Council -19 February 2020 – Medium Term Financial Strategy 2020/21 to 2023/24

<http://politics.leics.gov.uk/documents/s151485/MTFS%202020-24%20-%20Cab%207-2-20%20v6.pdf>

**Appendices**

Appendix 1 - Report to the Cabinet – 18 September 2020 – MTFS Latest Position

Appendix A of Appendix 1: Revenue Position as at Period 4, 2020/21

Appendix B of Appendix 1: Revised Capital Programme 2020-24

Appendix 2: Minute extract from the meeting of the Scrutiny Commission held on 14<sup>th</sup> September.

**CABINET 18 SEPTEMBER 2020****MEDIUM TERM FINANCIAL STRATEGY - LATEST POSITION****REPORT OF THE DIRECTOR OF CORPORATE RESOURCES****PART A****Purpose of the Report**

1. The purpose of this report is to provide members with an update on the 2020/21 revenue budget and capital programme monitoring position as at the end of period 4 (the end of July), to obtain approval to changes to the previously agreed 2020-24 capital programme and agree the approach to updating the Medium Term Financial Strategy (MTFS) for 2021 to 2025.

**Recommendation**

2. The Cabinet is recommended to:
  - a) Note the latest position of the 2020/21 revenue budget and capital programme as at the end of July 2020 and the effect of Covid-19;
  - b) Approve the changes to the 2020-24 capital programme as set out in the report;
  - c) Note the approach outlined in the report to updating the Medium Term Financial Strategy.

**Reasons for Recommendation**

3. To inform members of the intended approach to the development of plans to address the latest financial position.
4. To seek agreement to the revised capital programme for 2020-24 which has required amendment as a result of the Covid-19 pandemic.

**Timetable for Decision (including Scrutiny)**

5. The Scrutiny Commission will consider this report on 14<sup>th</sup> September 2020 and its comments will be reported to the Cabinet.
6. The Cabinet will be asked to approve the draft MTFS 2021 to 2025 for consultation in December 2020. All Overview and Scrutiny Committees and the Scrutiny Commission

will consider the draft MTFs in late January 2021 and the Cabinet will then make a final recommendation to the County Council in February 2021.

### **Policy Framework and Previous Decisions**

7. The Medium Term Financial Strategy for 2020/21 to 2023/24 was approved by the County Council on 19th February 2020. Over the autumn and winter of 2020 the MTFs will be reviewed and updated.
8. Regular reports have been provided to the Cabinet on the overall financial position.

### **Resource Implications**

9. The financial position faced by the County Council is extremely serious and challenging. The current MTFs anticipated a funding gap of £39m by 2023/24 but the additional pressures from Covid-19 will increase that gap significantly. This is a particularly difficult situation for a low-funded authority such as Leicestershire as room for further savings is limited.
10. Financial reporting to the Cabinet this year has focused on the large and detrimental impact of Covid-19. The latest return to Government shows an impact, before grants and interventions, approaching £90m for this financial year alone. This figure is a combination of the impact on County Council services (e.g. PPE); County Council support paid for by partner organisations (e.g. early discharge of patients by Health services); and County Council support for Government initiatives (e.g. Test and Trace).
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14. Even if further lockdowns are not experienced it is vital that the County Council continues to reduce the financial gap in the current financial year, to avoid an impossible challenge building up in future years. The financial difficulties experienced pre-covid, relating to demand for services, have not gone away and the mitigations have been disrupted by the crisis. Additional financial pressures are expected to continue after the current financial year due to reduced council tax and business rates income, a continuation of costs to maintain infection control and the economic impact upon suppliers who may request further support, for example bus operators. The Government is unlikely to be as sympathetic to Councils' financial plight in future years.
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- Exploit Government schemes such as Furlough
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  - Implement controls to limit non-essential expenditure
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16. Based on current information, it is very unlikely that the County Council, when it rolls forward the MTFs into 2024/25, will be able to identify sufficient savings to bridge the funding gap in the later years. To balance the budget without a significant impact on services will require a major efficiency initiative and a successful outcome to the fair funding campaign. The financial situation also requires the Government to deal with the structural national issues such as funding for social care and the relentless growth of demand for Special Educational Needs and Disabilities (SEND) services.
17. The Director of Law and Governance has been consulted on the content of this report.

### **Circulation under the Local Issues Alert Procedure**

None.

### **Officers to Contact**

Mr C Tambini, Director of Corporate Resources,  
Corporate Resources Department,  
☎0116 305 6199 E-mail [Chris.Tambini@leics.gov.uk](mailto:Chris.Tambini@leics.gov.uk)

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

**PART B**

18. Financial monitoring in the current financial year consists of three streams:
- The direct adverse implication of the Covid crisis, which is reported to Government
  - Mitigations of financial pressures
  - Budget variances that arise, which do not relate to the Covid crisis.
19. The difference between these three categories is not perfectly defined and can change, as Government 'refines' its approach to capturing information.

**COVID-19 Financial Impact / Government Return**

20. Local authorities have been required to submit financial returns to the Government on a monthly basis detailing their assessments of the financial impact of Covid-19.
21. The latest estimate of net additional costs due to Covid-19 for the current year (2020/21) is £18m after government grant support. The position has improved since the last report to the Cabinet in June 2020 which was based on the position at the end of May and reported a net estimated cost of £28m.
22. The main changes are:
- General government grant £4m (3<sup>rd</sup> tranche to an overall total of £31m)
  - Reduction in School transport costs and notification of specific Covid-19 transport grants, total £8m – receipt in early July of government guidance significantly reducing the need for additional bus services to allow social distancing.
  - Revised estimate of Social Care income £2m – revised for latest levels of demand and NHS income for service users discharged from hospital.
  - Government's Job Retention Scheme by furloughing staff, £2m.
  - Offset by an increased estimate of Council Tax and Business Rate loss of income, £5m.

**Government Support**

23. The Government continues its approach of preferring grants with conditions. The main one announced recently is the income compensation scheme for lost sales, fees and charges. After a deductible of 5% of budgeted sales, fees and charges the scheme will compensate Councils for 75p in every pound of relevant loss thereafter. An initial estimate has been made of £1.9m. This has not yet been included in the above estimates while further detailed work is undertaken.
24. A summary of the grants applicable to the County Council relating to Covid-19 are summarised in the table below:

Grant	County Council Allocation	National share	Conditions	Use
Covid-19 Funding (1)	£15.1m	0.9%	None	Reduce financial deficit
Covid-19 Funding (2)	£12.5m	0.8%	None	Reduce financial deficit
Covid-19 Funding (3)	£3.7m	0.8%	None	Reduce financial deficit
Infection Control	£6.7m	1.1%	Yes + clawback	Pass to providers for transmission reduction measures
Test and Trace	£2.3m	0.8%	Yes + clawback	Mitigation against and management of local outbreaks of COVID-19
COVID-19 Bus Service Support Grant	£0.3m	1.8%	Yes + clawback	Support for bus services; subject to further claims for funding
Emergency Assistance Grant	£0.5m	0.9%	Subject to monitoring & evaluation	Support those struggling to afford food and other essentials
Home to School and College Transport	£0.5m	1.2%	Subject to retrospective claim	New funding for additional dedicated school and college transport capacity (to 1 <sup>st</sup> half term)
Travel Demand Management	£0.1m			
Local lockdown	£0.2m		Yes	Mitigate costs of implementing local lockdown and reducing infection levels.

25. Grants to partner organisations can have a significant impact on the County Council. A prime example is funding to Health for hospital discharges. With common service users receiving associated support, funding shortfalls in Health can create cost pressures for the County Council. Similarly, there is a significant benefit when funding is forthcoming, even if this is just removing potential uncertainty. The Government announced £588m of hospital discharge funding in August aiming to “provide care and support for people in their own homes or in care homes for six weeks after discharge.”
26. The County Council has continued to make claims from the Government’s furlough scheme. An estimated benefit of £2m has been included in the latest monitoring. The position will not be confirmed until the scheme ends in October due to the timing of service opening and HMRC’s retrospective auditing of the scheme.

### **Uncertainties**

27. The range of uncertainties being faced is far higher than in a usual year, including:

- Time until normality returns and impact of further lockdowns
- National Living Wage annual increases
- DfE commitment to covering SEND costs
- Economic influences on service demand and service contributions
- Tax income (Referendum limits and ability to pay)
- Commercial / Corporate Asset Investment Fund income
- Level of pent-up demand
- Expectations of service provision changed, such as standard of infection control
- Potential for fundamental change in the Care Home market

28. The financial implications will be long lasting with income losses linked to the economy. The Office for Budget Responsibility has forecast that there will be two years of GDP growth lost and rising unemployment as a result of Covid-19. This will affect the level of council tax increase and the ability of people to pay council tax. In addition, there may also be some losses on business rates income, but this will be on a much smaller scale.

### **Financial Position**

29. Based on the information available and the issues raised above the financial gap is estimated to increase over the MTFS as below:

	2020/21	2021/22	2022/23	2023/24
Original Gap	£0m	£0m	£19m	£39m
Revised Gap	£18m	£20m	£30m	£50m

30. Providing no significant adverse impact of the uncertainties above, the position in the current year is expected to be reduced through a combination of the following:
- Controls targeting non-essential expenditure
  - Recovery planning incorporates cost control to contain the costs relating to the covid crisis
  - Exploit Government schemes such as: furlough, income compensation and the potential Council Tax underwriting (expected in the CSR)
  - Re-prioritise discretionary spend, primarily the capital programme, covered later in the report.
31. The approach to later years is included in the section on the approach to the new MTFS 2021-25 later in the report.

### **2020/21 REVENUE BUDGET MONITORING – PERIOD 4**

32. Overall a net overspend of £18m is forecast. This comprises £20m additional costs due to Covid-19 and mitigations of £2m.
33. There is a high level of uncertainty in the estimates when forecasting for the full year. Once cost control and other measures are introduced this position is expected to improve.
34. The position is summarised below and set out in more detail in Appendix A.



	Updated Budget	Projected Outturn	Difference from Updated Budget	
	£000	£000	£000	%
Schools Budget – Schools and Early Years	0	-790	-790	
Schools Budget – High Needs	0	10,710	10,710	
<b>Net Total</b>	<b>0</b>	<b>9,920</b>	<b>9,920</b>	
Children & Family Services (Other)	81,045	84,735	3,690	4.6
Adults & Communities	149,300	158,020	8,720	5.8
Public Health	-665	-665	0	0.0
Environment & Transport	80,676	83,201	2,525	3.1
Chief Executives	11,805	13,565	1,760	14.9
Corporate Resources	32,869	39,569	6,700	20.4
Capital Financing	43,100	45,900	2,800	6.5
Other Areas	13,975	14,985	1,010	7.2
Central grants/other income	-33,241	-30,741	2,500	-7.5
Covid-19 grant	0	-31,330	-31,330	n/a
Contribution to General Fund	11,000	11,000	0	0.0
Central Costs of Covid-19	0	5,500	5,500	n/a
<b>Total</b>	<b>389,864</b>	<b>393,739</b>	<b>3,875</b>	<b>1.0</b>
<b>Funding</b>	<b>-389,864</b>	<b>-375,304</b>	<b>14,560</b>	<b>-3.7</b>
<b>Net Total</b>	<b>0</b>	<b>18,435</b>	<b>18,435</b>	

35. Overall the position is in line with the net additional costs of Covid-19. However, this comprises other non Covid-19 related variances. The main areas are:

- Adults and Communities, £2m net underspend - on staffing and overhead budgets due to managing level of staffing vacancies across the department. There may also be additional savings from implementation of the departmental target operating model. These are being reviewed and will be included in the refresh of the MTFs.
- Business Rates Income, £0.4m net underspend – updated estimate per formal district council estimates, due to Government support replacing a significant proportion of the payments businesses are required to make.
- Financing of Capital, £2m – demand for SEND places is not reducing.
- Contingency for Inflation, £0.8m – recent pay award above estimates.

36. A more detailed explanation on these variances will be reported in the next monitoring report to the Cabinet for period 6.

#### Children and Family Services – Schools Budget

37. High Needs Dedicated Schools Grant is forecast to be £10.7m overspent at the end of 2020/21 in line with the £10.5m estimated in year overspend on DSG included in the MTFs. This is expected to reduce by an underspend on the Schools Block from schools

growth which will again be retained for meeting the costs of commissioning school places in future years. This cannot be confirmed until the autumn when confirmation of budgets for new and growing schools are confirmed by the DfE.

38. By the end of 2020/21 the estimated accumulated High Needs deficit is forecast to be £18m. The Children and Family Services Department is investigating a number of actions that could over the course of the MTFs reduce demand and therefore the overall deficit through the High Needs Development Plan.
39. With demand not reducing the County Council will potentially have to make further capital investment to avoid increasing the number of independent school places being used. Ideally this would be from the Department for Education (no funding currently available) and Section 106 agreements (only meet development-related demand).

### **Overall Revenue Summary**

40. At this early stage there is a forecast net overspend of £18m, but there are a significant number of uncertainties in trying to fully assess the ongoing impact of the pandemic. This position will be updated as more information is known during the financial year.
41. The financial impact in future years is even more uncertain. Although it is hoped that measures to contain the virus will be greatly reduced, the financial challenge will need to be met due to:
  - a. Reduced growth in housing and business premises reducing new taxes raised
  - b. Greater level of tax defaults and reliefs
  - c. Delays to existing savings programmes
  - d. Higher service costs due to long lasting changes from the crisis, for example the care home market will potentially look very different.
  - e. Greater support requirements, for example social care, from higher unemployment.
42. The 2020/21 outturn position is planned to be closed by cost control and other measures with the balance being met from earmarked funds and contingencies.
43. Over the medium-term the gap is expected to be closed from new savings targets and expenditure controls.

### **CAPITAL PROGRAMME**

44. The current 4 year capital programme totals £660m. Discretionary funding is £350m, including £222m temporary use of cash balances, repayment cost £8m per annum.
45. Due to the impact of Covid-19 that level of discretionary funding is now unaffordable and has been reviewed. The programme has also been updated for the latest spend profiles and changes in grant funding.
46. The revised 4-year programme is summarised below and shown in detail in Appendix B.

<b>Capital Programme Expenditure 2020-24</b>	Original MTFS 2020-24 Programme	Outturn adjustments (from 19/20)	Updated MTFS 2020-24 Programme	Revised MTFS 2020-24 Programme	Overall Change
	£000	£000	£000	£000	£000
Children & Family Services	127,680	3,192	130,872	110,842	-20,030
Adults and Communities	30,180	6,244	36,424	30,594	-5,830
Environment & Transport	278,580	29,115	307,695	231,850	-75,845
Chief Executive's	8,760	614	9,374	9,270	-104
Corporate Resources	17,150	8,228	25,378	22,692	-2,686
Corporate Programme	144,670	4,683	149,353	138,956	-10,397
<b>Total</b>	<b>607,020</b>	<b>52,076</b>	<b>659,096</b>	<b>544,204</b>	<b>-114,892</b>

<b>Capital Programme Resources 2020-24</b>					
Grant Funding/ Specific Contributions	296,873	15,144	312,017	279,100	-32,917
Discretionary Funding (including internal cash balances)	310,147	36,932	347,079	265,104	-81,975
<b>Total</b>	<b>607,020</b>	<b>52,076</b>	<b>659,096</b>	<b>544,204</b>	<b>-114,892</b>

47. Overall, the programme has been reduced by £115m, comprising a net reduction of £33m in specific grant funding and £82m in discretionary funding provided by the County Council. Within the discretionary funding line £19m will be released to support the MTFS from reduced revenue contributions. The balance of £63m will reduce the need to use internal cash balances. This will reduce repayment costs by £2m, per annum by the end of the MTFS period.
48. The key changes are described below.

#### Children and Families Programme

49. Reduction over MTFS to existing programme of £20m, with a £12m discretionary funding reduction.
- School Accommodation, reduction £29m. Reduced estimate of developer funded schemes and forward funding. Discretionary funding benefit of £19m
  - £2m increase in Basic Need grant.

- Send Programme, increase £6m. Increased SEND expenditure, subject to business case/savings)
- C&FS Social Care Investment Plan (SCIP), increase £2.5m. Funding allocated from the future developments programme.

### Adults and Communities

50. Net reduction over MTFs of £6m, with a £10m reduction in discretionary funding.

- Record Office, reduced occupancy of County Hall provides an opportunity to review the Council's approach to the Record Office. The Scheme has now been transferred to the future developments programme, £10m.
- Addition of £4m for the Social Care Investment Programme, from the allocation of £10m previously approved by the Cabinet – schemes have been identified and added to the programme.

### Environment and Transport

51. Net reduction over MTFs of £76m, with a £50m discretionary funding reduction.

- Lutterworth Spine Road, reduction £82m spend due to the bid for Housing Infrastructure grant funding being unsuccessful. The Scheme has been transferred to future developments pending review. Net discretionary programme reduction £43m.
- Vehicle Replacement Programme, reduction £1.5m (all discretionary funding).
- Zouch Bridge replacement, increase in estimated cost £3m – subject to full scheme review.
- Transport Asset Management (TAM) Programme, increase in programme £5m.
- TAM and Zouch bridge to be funded from new Challenge Fund grants, £9m (pot hole) and £5m (road surfacing for 3 bypasses). Balance of grant used to reduce discretionary funding.

### Chief Executives

52. Net reduction of £100,000. Removal of current year's Leicestershire Grants allocation in light of creation of the Communities Fund to support local organisations through the pandemic.

### Corporate Resources

53. Net reduction of £2.7m. Reduction of £2.1m Score+ programme (all discretionary funding) due to low numbers of applications.

### Corporate

54. Net reduction of £10m, all discretionary funding.

- Future Developments Programme, net reduction of £10m. Reduced to contribute to the overall County Council medium term funding position. However, this will result in there being less funding available for new projects. When the capital programme is refreshed as part of the new MTFs, future additions to the capital programme will need to be prioritised within the remaining balance of £50m.
- No overall change to CAIF, generates additional income. Allocation of £8m for Leaders Farm from CAIF Asset acquisitions/new investments balance, approved by the Cabinet. Balance of £45m remains on the CAIF Asset acquisitions/new investments to achieve the £260m target value. It is planned to review the CAIF Strategy in the Autumn.

### Summary

55. The review of the capital programme has reduced the four-year programme of expenditure by £115m. The change includes a reduction in discretionary funding of £82m which will reduce the need to use internal cash balances by £63m and release £19m in revenue funding to support the MTFs.
56. The Government has indicated that it intends to invest in infrastructure to support economic recovery and build out of recession, for example, the public sector decarbonisation scheme. Where additional funding is based on bids there is a difficult balance between level of potentially wasted investment in advanced design and chance of success. However, there are some positive indications that the government is looking for quicker and lighter touch decision making.

### Corporate Asset Investment Fund

57. A summary of the Corporate Asset Investment Fund (CAIF) position as at quarter 1 for 2020/21 is set out below:

Asset Class	Opening Capital Value	Capital Incurred 2020/21	Net Income YTD	Forecast Net Income FY	Forecast Net Inc. Return FY
	£000	£000	£000	£000	%
Office	27,160	0	356	1,633	6.0%
Industrial	12,419	0	114	931	7.5%
Distribution	456	0	-3	20	4.5%
Rural	22,522	0	34	475	2.1%
Other	4,413	0	43	195	4.4%
Development	58,780	11,484	-8	-68	-0.1%
Pooled Property	24,849	0	125	500	2.0%
Private Debt	20,276	0	125	500	2.5%
<b>TOTAL</b>	<b>170,875</b>	<b>11,484</b>	<b>786</b>	<b>4,186</b>	<b>2.4%</b>

58. Overall the fund is forecasting to achieve a 2.4% net income return for 2020/21. If the development classification was excluded, the return would increase to 3.8%.

59. The directly managed property portfolio is so far holding up against the impact of Covid-19. In the Office class, increases in rental income, as large voids are taken up, will be partially offset as Covid-19 affects the office market, especially demand for smaller office spaces. Current projections suggest that the majority of industrial occupiers will emerge from Covid-19 in a stronger position than anticipated; arrears and defaults have been minimal in the first quarter of the year.
60. The Council's exposure to the distribution sector is low risk due to the type of assets held. As such, performance is expected to remain in line with previous years. The rural sector is largely unaffected by Covid-19, with other economic factors taking time to impact returns. Rental growth will be slower this year due to the review cycle. The diverse range of assets held in the Other asset class offsets the potential risk from Covid-19; the Citroen Garage continues to offer solid returns.
61. Pooled property income is lower than expected due to the effects of Covid-19 on underlying businesses to make rental payments. The County Council has assumed a similar run rate for the full year forecast. Private Debt distributions have been delayed, similar issues regarding underlying businesses ability to make payments. The fund is invested in a product that is primarily composed of senior secured debt and is highly diversified. This offers considerable downside protection to the capital invested.
62. It should be noted that the above table excludes in year capital growth which is assessed annually as part of the asset revaluation exercise and reported in the annual CAIF performance report.

### **MTFS Refresh 2021-2025**

63. The MTFS will be refreshed over the autumn, with a similar approach taken to that followed in previous years, namely continued investment in organisational change, planning and robust delivery of savings and a realistic allowance for growth. However, this will be done in the context of significantly greater uncertainty than in previous years and is linked to the wider recovery service planning exercise being undertaken based around the four pillars of finance, ways of working, digital and carbon reduction.
64. These pillars will attempt to bring some clarity and structure to enable service and business planning to take place. However, it is recognised that this may be difficult over the coming months given the uncertainty around the continued measures the Government will put in place, and the risks around a second wave, as well as the likely longer term adverse impact on local businesses and unemployment levels (which are likely to have an upward impact on service demand at the same time as reducing the Council's core income levels).
65. In addition to the usual MTFS planning process, the difficult financial position in the current year also requires the Council to take some more immediate measures to control levels of expenditure.
66. Some of these measures have already been undertaken. This includes the capital programme reprioritisation exercise reported above and also taking advantage of the

Government's Job Retention Scheme by furloughing staff where appropriate. The Council is also currently assessing the recently issued guidance for the Local government income compensation scheme for lost sales, fees and charges and will submit the first claim at the end of this month.

67. However, there is also a need to introduce a range of new temporary expenditure controls. To this end guidance is being issued to Managers very shortly. This will enable the Council to act far quicker than waiting for the MTFS refresh and associated savings programme to be developed. This speed should reduce the overall challenge and would mitigate the impact a second unforeseen event would bring if it hits before the Council's finances are repaired. The controls will incorporate greater DMT and corporate oversight, this is to:
- Support consistent implementation
  - Identify opportunities across services/departments
  - Ensure shared understanding of implications.
68. However, this oversight is not to replace the financial responsibilities that people have in their roles. For the spend controls to be successful, ownership by everyone who has a part in spending or generating income is vital.
69. The controls measures being put in place cover:
- Targeted recruitment controls to restrict non-essential hiring including a focus on agency, consultants and specialist advisors
  - Procurement controls to ensure greater commissioning support unit input into contract renewal/extension, use of frameworks and exceptions
  - Greater scrutiny of external expenditure
  - Limited approval of new projects to essential schemes only
  - Controls on grants to ensure that wherever possible they are used to cover existing spend pressures rather than for new service initiatives.
70. These controls can be varied as the financial outlook improves/worsens. But essentially they will be in place until the following conditions are met:
- Any reduction to the general fund balance required to cover this year's financial pressures is repaid
  - The MTFS gap is at an acceptable level
    - First 2 years balanced
    - Final 2 years at a manageable level
  - Good certainty of savings delivery, especially for the next 2 years
  - Local government outlook becomes clearer – linked to the Autumn Comprehensive Spending Review (CSR).
71. It should be noted that the implementation of spend controls isn't service cuts, although it should influence how services are delivered. The long-lasting impact of the Covid crisis (e.g. reduced Council Tax) inevitably means that new savings will be required leading to some permanent reductions in non-essential spend. Although future savings will not be

prioritised based on where spend was reduced through the controls, managers will need to consider the potential to make permanent changes to their services.

72. As the table in paragraph 29 shows, the gap in the existing MTFS is expected to have increased significantly as a result of the pandemic. As the Council rolls forward the MTFS to include 2024/25 it is very likely that there will a further significant increase in the gap in that year as well. The MTFS refresh exercise over the autumn and winter, including the outcome of the Government's CSR, will enable a better understanding on the scale of this gap.

### National Position

73. The Government had shown some indication that it would increase public spending and investment in appreciation of the sector-wide issues facing local government.
74. The delayed green paper on Adult Social Care has now potentially been abandoned by the Prime Minister in order to inject more urgency into the process. The Government is expected in the autumn to publish a white paper proposing a clear course of action to address the social care crisis, which according to the LGA faces a £3.6 billion funding gap between councils' resources and demand by 2025. However, there appears to be little recognition of the urgent pressures in children's social care or special educational needs.
75. Furthermore, recent indications from the Government are that it is not looking to introduce significant increased tax measures to counter the huge increase in public spending that has been required to manage the impact of the pandemic.
76. But given that the UK is on track to record the largest decline in annual GDP for 300 years, with even the most optimistic forecasts suggesting output falling by more than 10% in 2020, the Government will be faced with an unprecedented peacetime rise in public sector borrowing – estimated at between 15-20% of GDP. This is likely to lead to a position where total borrowing is more than 100% of GDP.
77. As such, prospects for significant additional financial support for public services are limited. There is limited expectation that the CSR will provide much relief for local government finances to help reduce the gap.
78. Also, whilst the Government is undertaking a review of Business Rates in the autumn, it had announced at the end of April 2020 that the anticipated changes from the current 50% Business Rates Retention Scheme (BRRS) to a 75% Scheme have been postponed, for a second time, from April 2021 until April 2022. Similarly, the implementation of the Fair Funding Review has also been postponed again until April 2022.
79. These delays mean that where the Council had expected there might be some specific changes which would benefit its local financial position, this has now been pushed back further. Consequently the level of funding uncertainty around the financial position has not been higher in the last 10 years.



80. The Local Government Chronicle reported on 24<sup>th</sup> August 2020 that a leaked Cabinet Office document said that:

*“5% of councils in England ‘are already at high risk of financial failure –following Covid-19’, and that some may go bankrupt and need to be bailed out or be put under direct control of Whitehall. The Cabinet Office presentation also reportedly warned that inflation could ‘significantly impact social care providers due to increasing staff and supply costs’, and that there could be another 24 months of virus infection in care homes.”*

81. The reference to 5% of Councils implies that around 20 local authorities could be at high risk of immediate financial collapse. Fortunately, the County Council is not in that position.
82. All the indications are that this will be the eleventh austerity budget in a row. The Council has already made savings of £223m (excluding DSG), to the end of 2020/21. Therefore, the identification of new savings will be very challenging and is likely to require much more radical service transformation.

### Leicestershire Position

83. There will need to be a focus on performance and productivity across the Council’s services which is not consistently measured or understood. This will require investment to ensure meaningful and reliable management information is available.
84. It is important that the savings that are already under consideration are progressed and delivered on as soon as possible.
85. Further efficiency/productivity targets for services will drive the focus for identifying where additional savings can be delivered. Inevitably, though, further service reductions will be needed to ensure the Council can operate within the increasingly tight budget envelope.
86. The Corporate Resources Department (Finance and the Transformation Unit in particular) will lead and support departments with a planned cost-reduction model approach to identifying and implementing new savings initiatives.
87. The model will focus around 4 key themes:
- Less expensive provision (commissioning/contracts/service delivery approach).
  - Management overheads (restructuring/action plans/performance metrics/process automation).
  - How funded (charging mechanisms/prices/new markets).
  - Demand (preventative, invest to save/eligibility/policy review, constrain growth).
88. The main objective for refreshing the MTFS will be to re-establish the Council’s strong financial position. And until the position is clearer on funding reforms and funding of legislation, changes will need to be based on prudent financial assumptions.

## **Planning Framework**

89. The next three key Government announcements will be;

- Comprehensive Spending Review – autumn 2020.
- Autumn Budget Statement, anticipated in November.
- Local Government Finance Settlement expected mid/late December.

90. The broad MTFS timetable is:

- September to November 2020 – Refresh growth, savings and capital including consideration by Lead Members.
- December 2020 – the Cabinet is requested to approve the draft MTFS for consultation.
- December 2020 – receipt of the Local Government Finance Settlement
- January 2021 – consultation on the draft MTFS, including Overview and Scrutiny Committees and the Scrutiny Commission.
- February 2021 – the Cabinet is requested to approve the final draft MTFS for submission to the County Council.
- February 2021 – County Council is requested to approve the MTFS for 2021/22 to 2024/25.

## **Equality and Human Rights Implications**

91. Public authorities are required by law to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation;
- Advance equality of opportunity between people who share protected characteristics and those who do not; and
- Foster good relations between people who share protected characteristics and those who do not.

92. Many aspects of the County Council's MTFS may 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 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.

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

### **Crime and Disorder Implications**

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

### **Environmental Implications**

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

### **Partnership Working and Associated Issues**

96. 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**

97. 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 Cabinet – 23 June 2020 – Covid-19 Impact and Response of the County Council – Recovery and Financial Impact

<http://politics.leics.gov.uk/documents/s154142/COVID%2019%20report%20June%20-final.pdf>

Report to County Council -19 February 2020 – Medium Term Financial Strategy 2020/21 to 2023/24

<http://politics.leics.gov.uk/documents/s151485/MTFS%202020-24%20-%20Cab%207-2-20%20v6.pdf>

### **Appendices**

Appendix A: Revenue Position as at Period 4, 2020/21

Appendix B: Revised Capital Programme 2020-24

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**REVENUE BUDGET MONITORING STATEMENT 2020/21**  
**(AS AT PERIOD 4)**

	Updated Budget	Projected Outturn	Difference from Updated Budget		
	£000	£000	£000	%	
<b>Schools Budget</b>					
Schools	72,872	72,792	-80	-0.1	
Early Years	34,974	34,264	-710	-2.0	
DSG Funding	-107,846	-107,846	0	0.0	
	0	-790	-790		
<i>Earmarked fund - start of year</i>			-3,040		
<i>Earmarked fund - end of year</i>			-3,830		
High Needs	73,256	83,966	10,710	14.6	
Dedicated Schools Grant (DSG)	-73,256	-73,256	0	0.0	
	0	10,710	10,710		
<i>Earmarked fund - start of year</i>			7,090		
<i>Earmarked fund - end of year</i>			17,800		
<b>LA Budget</b>					
Children & Family Services (Other)	81,045	84,735	3,690	4.6	RED
Adults & Communities	149,300	158,020	8,720	5.8	RED
Public Health *	-665	-665	0	n/a	GREEN
Environment & Transport	80,676	83,201	2,525	3.1	RED
Chief Executives	11,805	13,565	1,760	14.9	RED
Corporate Resources	32,869	39,569	6,700	20.4	RED
DSG (Central Dept. recharges)	-2,285	-2,285	0	0.0	GREEN
Other corporate savings	-350	0	350	-100.0	RED
MTFS risks contingency	4,000	4,000	0	0.0	GREEN
Contingency for Inflation	9,890	10,700	810	8.2	GREEN
Total Services	366,285	390,840	24,555	6.7	
<b>Central Items</b>					
Financing of Capital	19,200	19,000	-200	-1.0	GREEN
Revenue funding of capital	23,900	26,900	3,000	12.6	RED
Central Expenditure	2,720	2,570	-150	-5.5	GREEN
Central Grants and Other Income	-33,241	-30,741	2,500	-7.5	RED
Total Central Items	12,579	17,729	5,150	40.9	
Contribution to General Fund	11,000	11,000	0	0.0	GREEN
Central Costs of Covid-19	0	5,500	5,500	n/a	RED
<b>Total Spending</b>	<b>389,864</b>	<b>425,069</b>	<b>35,205</b>	<b>9.0</b>	
<b>Funding</b>					
Business Rates - Top Up	-40,346	-40,346	0	0.0	GREEN
Business Rates Baseline / retained	-23,922	-24,362	-440	1.8	GREEN
S31 Grants - Business Rates	-4,156	-4,156	0	0.0	GREEN
Council Tax Collection Funds - net surplus	-2,090	-2,090	0	0.0	GREEN
Council Tax	-319,350	-304,350	15,000	-4.7	RED
<b>Total Funding</b>	<b>-389,864</b>	<b>-375,304</b>	<b>14,560</b>	<b>-3.7</b>	
<b>Covid-19 Grants</b>	<b>0</b>	<b>-31,330</b>	<b>-31,330</b>		<b>GREEN</b>
<b>Net Total</b>	<b>0</b>	<b>18,435</b>	<b>18,435</b>		

\* Public Health funded by Grant (£25.2m)

Underspending / on budget

Overspending of 2% or less

Overspending of more than 2%

GREEN

AMBER

RED

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**CHILDREN & FAMILY SERVICES - CAPITAL PROGRAMME 2020/21 to 2023/24**

**APPENDIX B**

Estimated Completion Date	Gross Cost of Project £000		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
		<b><u>MAIN GRANT FUNDED PROGRAMME</u></b>					
Mar-24	73,223	<b>Provision of Additional School Places</b>	<b>21,724</b>	<b>27,721</b>	<b>13,978</b>	<b>9,800</b>	<b>73,223</b>
		<b>SEND Programme</b>					
Mar-22	2,422	Social Emotional Mental Health (SEMH) Units	1,922	500			2,422
Mar-22	2,639	SEMH Special School - LA Developed	2,139	500			2,639
Mar-24	9,500	SEMH Special School - Free School	0	500	1,000	8,000	9,500
Mar-21	399	Post 16 SEND Provision	399				399
Mar-22	2,204	Communication and Interaction Difficulty Units	1,704	500			2,204
Mar-21	2,452	Communication and Interaction Difficulty School	2,452				2,452
Mar-22	3,653	Expansion of Special Schools	653	3,000			3,653
		<b>Sub total - SEND Programme</b>	<b>9,269</b>	<b>5,000</b>	<b>1,000</b>	<b>8,000</b>	<b>23,269</b>
Mar-24	8,615	Strategic Capital Maintenance	2,615	2,000	2,000	2,000	8,615
Mar-24	2,066	Schools Devolved Formula Capital	566	500	500	500	2,066
Mar-24	873	Schools Access / Security	273	200	200	200	873
Mar-21	296	Early Help	296				296
Mar-22	2,500	Assessment & Residential Multi-functional properties x 4 (SCIP)	1,000	1,500			2,500
		<b>Other Capital</b>	<b>4,750</b>	<b>4,200</b>	<b>2,700</b>	<b>2,700</b>	<b>14,350</b>
		<b>Overall Total</b>	<b>35,743</b>	<b>36,921</b>	<b>17,678</b>	<b>20,500</b>	<b>110,842</b>

**ADULTS & COMMUNITIES - CAPITAL PROGRAMME 2020/21 to 2023/24**

**APPENDIX B**

Estimated Completion Date	Gross Cost of Project £000		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Dec-21	3,730	Hamilton Court/Smith Crescent - NWL Development - Improved Service User Accommodation	1,250	2,131			3,381
Sep-20	1,100	Hinckley, the Trees Refurbishment (commitments b/f)	839				839
Mar-24	15,680	Disabled Facilities Grant (DFG)	3,920	3,920	3,920	3,920	15,680
Mar-22	230	Changing Places/Toilets (Personal Assistance)	40	58			98
Aug-20	1,500	Brookfields SL Scheme (refurbishment)	213				213
Mar-21	50	HART Rostering System	41				41
		Sub total - A&C various schemes	<b>6,303</b>	<b>6,109</b>	<b>3,920</b>	<b>3,920</b>	<b>20,252</b>
		<u>Social Care Investment Plan (SCIP):</u>					
Feb-21	570	Loughborough - Ashby Court - Refurbishment	565				565
Jan-21	920	Loughborough, Forest Road	918				918
Mar-23	5,500	Specialist Dementia Facility - Coalville	100	3,050	2,350		5,500
Oct-20	242	Sileby, Heathcotes Drive	242				242
Feb-21	1,171	Anstey, Hollow Road Flats	1,171				1,171
Nov-20	327	Coalville, 286 Ashby Rd	327				327
Mar-22	1,619	SCIP - Additional Schemes to be confirmed - balance	0	1,619			1,619
		Sub total - SCIP	<b>3,323</b>	<b>4,669</b>	<b>2,350</b>	<b>0</b>	<b>10,342</b>
		Total A&C	<b>9,626</b>	<b>10,778</b>	<b>6,270</b>	<b>3,920</b>	<b>30,594</b>

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**ENVIRONMENT & TRANSPORT - CAPITAL PROGRAMME 2020/21 to 2023/24**

**APPENDIX B**

Estimated Completion Date	Gross Cost of Project £000		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
		<u>Major Schemes</u>					
Mar-21	tbc	Lutterworth Development - Infrastructure (subject to grant bid)	1,000				1,000
Mar-23	63,500	Melton Mowbray Distributor Road - North and East Sections	2,754	31,802	24,780		59,336
Mar-24	27,900	Melton Distributor Road - Southern Section	500	5,000	14,200	8,200	27,900
Apr-24	12,430	Zouch Bridge Replacement - Construction and Enabling Works	866	0	3,574	6,782	11,222
Mar-22	24,780	M1 Junction 23 / A512 Improvements	16,456	368			16,824
Mar-24	7,670	County Council Vehicle Replacement Programme	1,470	2,200	2,000	2,000	7,670
Mar-24	8,058	Advance Design / Match Funding	1,710	3,128	1,620	1,600	8,058
Mar-22	5,340	A511/A50 Major Road Network - Advanced design	2,640	1,740			4,380
Aug-20	10,740	Anstey Lane A46 (subject to £4.1m Leicester City contribution)	3,436	222			3,658
Mar-23	2,000	M1 Junction 20a - Advanced design	500	1,000	413		1,913
Mar-24	5,300	Melton Depot - Replacement	60	0	0	5,000	5,060
Mar-21	325	Coalville Ashby Rd Hway works	311				311
Mar-21	77	SEP - Lubbethorp Str Emp Site	77				77
Mar-21	18	TAP - Capital Schemes and Design	18				18
		Sub total - Major Schemes	<b>31,798</b>	<b>45,460</b>	<b>46,587</b>	<b>23,582</b>	<b>147,427</b>
Mar-24	29,459	<u>Transport Asset Management</u>	0	11,680	9,620	8,159	29,459
Mar-21	9,652	Capital Schemes and Design	9,652				9,652
Mar-21	811	Bridges	811				811
Mar-21	771	Flood Alleviation- Environmental works	771				771
Mar-21	597	Street Lighting	597				597
Mar-21	85	Traffic Signal Renewal	85				85
Mar-21	3,302	Preventative Maintenance - (Surface Dressing)	3,302				3,302
Mar-21	9,318	Restorative (Patching)	9,318				9,318
Mar-21	711	Safety Barrier etc	711				711
Mar-24	5,010	Additional Highway incentive fund subject to meeting level 3 criteria	0	1,670	1,670	1,670	5,010
Mar-21	21	Birstall P&R Cycleways	21				21
Mar-22	5,550	Hinckley Hub (Hawley Road) - NPIF	1,516	3,800			5,316
Mar-22	2,206	Safety Schemes	1,624	582			2,206
Mar-21	300	Croft-Billesdon Depot Scheme	80				80
Mar-22	200	Highways Maintenance - IT renewals	98	102			200
Mar-21	2	Externally Funded Schemes	2				2
		Sub total - Highways & Transport Schemes	<b>28,588</b>	<b>17,834</b>	<b>11,290</b>	<b>9,829</b>	<b>67,541</b>
		<u>Environment &amp; Waste</u>					
Mar-22	5,500	Kibworth Site Redevelopment (Commitments b/f)	750	4,634			5,384
Mar-22	9,000	Waste Transfer Station Development (Commitments b/f)	1,000	7,962			8,962
Mar-22	500	RHWS [Surface Dressing reallocation]	200	300			500
Mar-24	1,756	Recycling Household Waste Sites Improvements and works	150	1,056	350	200	1,756
Mar-21	280	Recycling Household Waste Sites Improvements - Drainage	280				280
		Total - Environment & Waste	<b>2,380</b>	<b>13,952</b>	<b>350</b>	<b>200</b>	<b>16,882</b>
		<b>Total E&amp;T</b>	<b>62,766</b>	<b>77,246</b>	<b>58,227</b>	<b>33,611</b>	<b>231,850</b>

**CHIEF EXECUTIVES - CAPITAL PROGRAMME 2020/21 to 2023/24****APPENDIX B**

Estimated Completion Date	Gross Cost of Project £000		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Mar-24	300	Leicestershire Grants	0	100	100	100	300
Mar-22	3,340	Rural Broadband Scheme - Phase 3	890	2,450			3,340
Mar-23	5,630	Rural Broadband Scheme - Phase 3 Extension (tbc)	0	2,000	3,630		5,630
							0
		<b>Total Chief Executives</b>	<b>890</b>	<b>4,550</b>	<b>3,730</b>	<b>100</b>	<b>9,270</b>

**CORPORATE RESOURCES - CAPITAL PROGRAMME 2020/21 to 2023/24**

**APPENDIX B**

Estimated Completion Date	Gross Cost of Project £000		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
		<u>ICT</u>					
Mar-22	900	Local Area Network (LAN) Edge Refresh - County Hall & Remote sites	450	200			650
Mar-21	240	Replacement ITSM toolset and User Portal (Marval replacement project)	240				240
Mar-21	100	Wireless Controller Refresh	100				100
Mar-24	1,574	Corporate ICT Programme	274	300	500	500	1,574
Mar-24	400	Workplace Strategy - ICT Infrastructure	0	0	150	250	400
Mar-24	3,700	Workplace Strategy - End User Device (PC, laptop)	1,427	300	800	1,000	3,527
Mar-21	100	ASA Firewall replacements	100				100
Mar-21	170	CSC Telephony System Replacement	91				91
Mar-21	90	Insurance Replacement System	22				22
		Sub total - ICT	<b>2,704</b>	<b>800</b>	<b>1,450</b>	<b>1,750</b>	<b>6,704</b>
		<u>Property Services</u>					
Mar-22	4,420	Melton, Sysonby Farm Development - site preparation and infrastructure works	1,850	2,465			4,315
Mar-24	1,400	Workplace Strategy - property costs, dilapidations and refurbishments	200	400	400	400	1,400
Mar-21	2,690	Snibston & Country Park Future Strategy - Masterplan	2,683				2,683
Mar-21	3,200	Snibston & Country Park Future Strategy - Land remedial works and covenant	2,704				2,704
Mar-23	440	County Hall Lift Replacement Scheme	110	220	110		440
Mar-22	2,000	Watermead Park Footbridge and Cycleway	500	1,336			1,836
Mar-21	497	Workplace Strategy - Balance from 19/20	497				497
		Sub total - Strategic Property	<b>8,544</b>	<b>4,421</b>	<b>510</b>	<b>400</b>	<b>13,875</b>
		<u>Climate Change - Environmental Improvements</u>					
Mar-21	1,250	Score + (Schools Energy Efficiency Scheme)	403	0			403
Mar-24	1,660	Energy & Water Strategy - Invest to save	680	330	330	320	1,660
Mar-21	150	Electric Vehicle Car Charge Points	50				50
		Sub total - Energy	<b>1,133</b>	<b>330</b>	<b>330</b>	<b>320</b>	<b>2,113</b>
		<b>Total Corporate Resources</b>	<b>12,381</b>	<b>5,551</b>	<b>2,290</b>	<b>2,470</b>	<b>22,692</b>

**CORPORATE - CAPITAL PROGRAMME 2020/21 to 2023/24**

**APPENDIX B**

Estimated Completion Date	Gross Cost of Project £000		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
		<b>Corporate Asset Investment Fund (CAIF)</b>					
Nov-20	22,640	Commercial Office Development at Loughborough University Science & Enterprise Park (LUSEP)	5,351				5,351
Mar-21	6,330	Airfield Business Park - Phase 1	708				708
Oct-21	6,400	Quorn Solar Farm	0	6,393			6,393
Mar-22	7,600	Quorn Barrow Road Industrial Units (Carbon Neutral)	0	7,492			7,492
Mar-21	35,200	East of Lutterworth SDA	10,473	0			10,473
Mar-21	1,120	Lutterworth East - Planning and Pre-Highway construction Works	564				564
Mar-24	792	County Farms Estate - General Improvements	192	200	200	200	792
Mar-24	1,233	Industrial Properties Estate - General Improvements	400	333	250	250	1,233
Mar-23	2,750	M69 Junction 2 - SDA	0	2,555	195		2,750
Mar-23	8,200	Leaders Farm, Phase 2 - Ind Units and x2 Drive Thru Restaurants	200	2,000	6,000		8,200
Mar-24	45,000	Asset Acquisitions / New Investments - subject to Business Case	0	10,000	15,000	20,000	45,000
		<b>Total CAIF</b>	<b>17,888</b>	<b>28,973</b>	<b>21,645</b>	<b>20,450</b>	<b>88,956</b>
		<b>Future Developments</b>					
Mar-24	50,000	Future projects - subject to business cases	12,500	12,500	12,500	12,500	50,000
		<b>Total Corporate Programme</b>	<b>30,388</b>	<b>41,473</b>	<b>34,145</b>	<b>32,950</b>	<b>138,956</b>

**SCRUTINY COMMISSION – 14 SEPTEMBER 2020****MEDIUM TERM FINANCIAL STRATEGY UPDATE****MINUTE EXTRACT**

The Commission considered a report of the Director of Corporate Resources which provided an update on the 2020/21 revenue budget and capital programme monitoring position and set out the proposed approach for updating the Medium Term Financial Strategy (MTFS) for 2021 to 2025. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

The Chairman welcomed to the meeting Mr J. B. Rhodes CC, the Cabinet Lead Member for Finance and Resources.

In introducing the report, the Director of Corporate Resources used a power point presentation to highlight the key issues and a copy of that presentation is filed with these minutes. The Director emphasised the following key points:

- i) The position now outlined showed an in-year overspend of £18million which was a reduction from the previous forecast. However, given the volatility of the situation it was difficult to forecast precisely the likely year end impact. If the overspend was maintained at this level the use of the General Fund could be avoided which would be a significant achievement;
- ii) Whilst noting the impact of Covid 19 on the budget it was important not to lose sight of the other significant budget pressures facing the Council in particular around SEN and Children Social Care budgets. The Government had indicated it was reviewing SEN funding, but the outcome of that review was yet to be published and the indications were that this could be delayed until later in the year;
- iii) The Government had not progressed their commitment to Fair Funding and implementation had been delayed until at least April 2022. In addition, given the recent decision by the Government to pause the need for payment of business rates there was some

- concern about the risk to authorities continuing to pursue business rate retention as a funding stream in the long term;
- iv) The Comprehensive Spending Review would provide the earliest indication as to whether the Government would make additional resources available to local government. Given the significant pressures across all Government Departments the likelihood of additional resources was felt to be remote.

Regarding the Capital Programme the Director outlined the changes that had been made so that resources could be released to underwrite the overspend in the current year. This included removing the requirement for funding of the Lutterworth Development Spine Road. Members noted that the position on this would be monitored and looked at again if the Council were to be successful in obtaining other government funding for the scheme.

In response to questions the Director and Cabinet Lead Member advised:

- a) The reduction in funding of School Accommodation related to a reduction in forward funding of schemes and greater reliance on developers building directly. This was a review of funding approach for schemes several years in the future rather than a change to planned places;
- b) Further investigations were being undertaken in relation to Zouch bridge including going out to competitive tender with a view to reducing costs. Works on the bridge were not likely to start this year as previously planned;
- c) All Departments had been asked to look at how additional savings could be delivered to meet the financial gap in the MTFs. These discussions had just started, and it was noted that given the significant financial savings already delivered the task ahead would be challenging. The Director, however, pointed out that the experience gained from working with Newton Europe to develop a new Target Operating Model for Adult Social Care had shown that there were still areas of the Council which might benefit from a new approach and to that end Newton Europe had been asked to work with staff in Children Social Care on processes and demand management.

Members of the Commission noted the challenges facing the Council and commended the Director of Corporate Resources and other officers for their work and effort to ensure financial sustainability.

**RESOLVED:**

- (a) That the update on the 2020/21 revenue budget and capital programme monitoring position be noted;
- (b) That the proposed approach and timetable for developing and rolling forward the MTFs for 2021 to 2025 be noted.

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## REPORT OF THE CONSTITUTION COMMITTEE

### APPOINTMENT OF INDEPENDENT PERSONS

#### **Introduction**

1. This report concerns the appointment of Independent Persons to support the Member Conduct Complaints Process as required under Section 28 (7) of the Localism Act 2011 and to support the procedures for dealing with the dismissal of the Chief Executive, the Monitoring Officer and the Chief Financial Officer, as required by the Local Authorities (Standing Order) England Regulations 2001 (as amended).

#### **Background**

2. The Localism Act 2011 sets out provisions regarding the conduct of members. It is a requirement under this Act that the Council appoint at least one Independent Person, whose view must be sought and taken into account by the Authority before it makes a decision on any allegation and whose views may be sought about allegations.
3. The Local Authorities (Standing Order) England (Amendment) Regulations 2015 set out a new procedure for dealing with the possible dismissal of the Chief Executive, the Monitoring Officer and the Chief Financial Officer and this was adopted by the County Council on 8 July 2015.
4. At its meeting on 28 September 2016, the Council appointed five Independent Persons for a period of four years to form a Panel from which any one could be contacted to advise on particular allegations.
5. At its meeting on 12 June 2020, the Corporate Governance Committee agreed to undertake a joint recruitment process with the Leicester, Leicestershire and Rutland Combined Fire Authority for the appointment of Independent Persons from 30 September 2020 for a term of four years.

#### **Application Process**

6. The Independent Persons appointed by the County Council in 2016 were appointed for a period of four years. With their terms of service due to expire in September 2020, a new joint recruitment process was undertaken in July with the Leicester, Leicestershire and Rutland Combined Fire Authority (CFA). The position was publicly advertised, and an interview process undertaken to recruit a pool of Independent Persons to support both organisations' member complaints process and the dismissal process for senior officers as outlined above. The Interview Panel was chaired by Mr Rhodes and consisted of Members drawn from the Corporate Governance Committee and the Employment Committee of both the County Council and the CFA, supported by the Assistant Director of Corporate Resources – Corporate Services and the Head of Law (the Deputy Monitoring Officer).

7. The Committee on Standards in Public Life completed a review into Local Government Ethical Standards and the recommendations are still being reviewed. When these have been finalised, the Council will adapt recruitment processes for Independent Persons accordingly.

### Proposed Appointments

8. Whilst the Council previously appointed five candidates, a pool of six candidates is recommended for appointment for the four-year term from 30 September 2020 to cover the joint role of supporting the County Council and CFA, to allow greater flexibility and to avoid the possibility of a conflict of interest. All those recommended are eligible, live in Leicester or Leicestershire and are considered suitable candidates.
9. The regulations permit independent persons to be reappointed. The Monitoring Officer wrote to both the CFA's and the Council's existing appointees to thank them for their work to date and confirm that they were welcome to re-apply. Three of the six proposed appointees are existing Independent Persons for either the CFA or the County Council.
10. The Appointment Committee met on Friday 4 September 2020 to interview candidates and agreed to recommend the following people for appointment:-

Richard Gough  
Gordon Grimes  
Tina Herring  
Hema Kotecha  
Surinder Sharma  
Pamela Roberts

Further details of the above candidates are set out in the Appendix to this report.

11. The Constitution Committee considered the recommendations of the Independent Persons Appointment Committee at its meeting on 18 September 2020 and supported the proposed appointments. Candidates will be appointed for a term of four years until 30 September 2024. The Committee also asked that the County Council's appreciation be conveyed to the outgoing Independent Persons in supporting the Authority to uphold standards with elected members and senior Chief Officers.

### Resource Implications

12. By running a joint recruitment process for both the County Council and the Leicester, Leicestershire and Rutland Combined Fire Authority, economies of scale have been achieved through reduced advertising costs, officer administration time and the servicing of a joint recruitment Panel.

13. Any payments made to the independent persons appointed, for travel and subsistence expenses (where appropriate), will fall outside the Members Allowance Scheme which only applies to either elected or co-opted members of either Authority. An allowance will not be paid.

**Motion to be moved:-**

- a) That Mr R. Gough, Mr G. Grimes, Ms T. Herring, Mrs H. Kotecha, Prof. S. Sharma and Ms P. Roberts, be appointed to serve as Independent Persons for a term of four years ending on 30 September 2024;**
- b) That this Council's appreciation be conveyed to the outgoing Independent Persons in supporting the Authority to uphold standards with elected members and senior Chief Officers.**

18 September 2020

J.B. Rhodes CC  
Chairman

**Background Papers**

Report to the County Council on 28 September, 2016  
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=4778&Ver=4>

Report to the Constitution Committee on 18 September, 2020.  
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=150&MId=6366&Ver=4>

**Appendix**

Appendix A – Details of Independent Persons to be appointed.

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**Proposed Independent Persons 2020****Mr Richard Gough**

Mr Gough has been an Independent Person for the Combined Fire Authority since 2012 and was also appointed in the same year, as an Independent Person by Leicestershire Borough and District Councils. He served as a Magistrate on the Leicester Bench for 20 years. His previous career was in the financial services industry. He lives in Wigston Fields.

**Mr Gordon Grimes**

Mr Grimes, a retired Senior Civil Servant, has been an Independent Person for the Combined Fire Authority and the County Council since 2012; and also for other authorities in Leicester, Leicestershire and Rutland. He lives in Enderby.

**Ms Tina Herring**

Ms. Herring, now retired from a career in education, has worked as a Head Teacher and also as an inspector with OFSTED. She is currently an independent non-executive Director of Kent County Council's education services company. She lives in Leicester.

**Mrs Hema Kotecha**

Mrs Kotecha has worked in police forensics for over 13 years and currently works for Dorset Police. She has a wide range of skills including investigating, analysing information, compiling evidence and ensuring that standards are maintained. She lives in Kibworth.

**Prof. Surinder Sharma**

Prof. Sharma has been an Independent Person for the County Council since 2012. He has wide ranging experience gained from working in the public, private and voluntary sectors, has been Chair of the Equal Opportunities Commission, a Magistrate and an elected member of a local authority. He is currently Chairman of the Leicester Racial Equality Council. He lives in Stoneygate.

**Ms Pamela Roberts**

Ms Roberts, a retired Civil Servant, has a wide career in public service, including in local government. She has a wide experience of policy formation and delivery, planning and ensuring that standards are maintained. She currently volunteers as a Trustee at a local charity. She lives in Market Harborough.

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