Leicestershire County Council

Meeting: **Scrutiny Commission**

Date/Time: **Monday, 15 March 2021 at 10.00 am**

Location: **MS Teams**

Contact: **Mrs J Twomey (Tel: 0116 305 2583)**

Email: **joanne.twomey@leics.gov.uk**

Membership

Mr. S. J. Galton CC (Chairman)

Mr. T. Barkley CC	Mrs. H. J. Fryer CC
Mr. P. Bedford CC	Mr. D. Harrison CC
Mr. D. C. Bill MBE CC	Mrs. R. Page CC
Mr. G. A. Boulter CC	Mr. A. E. Pearson CC
Dr. T. Eynon CC	Mr. T. J. Richardson CC
Dr. R. K. A. Feltham CC	Mr. M. B. Wyatt CC

Please note: This meeting will not be open to the public in line with Government advice on public gatherings. This meeting will be filmed for live or subsequent broadcast via the Council's YouTube Channel: http://www.leicestershire.gov.uk

AGENDA

Item		Report by	
1.	Minutes of the meeting held on 25th January 2021		(Pages 3 - 12)
2.	Question Time.		
3.	Questions asked by members under Standing Order 7(3) and 7(5).		
4.	To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.		
5.	Declarations of interest in respect of items on the agenda.		

6.	Declarations of the Party Whip in accordance with Overview and Scrutiny Procedure Rule 16.		
7.	Presentation of Petitions under Standing Order 35.		
8.	Strategic Property Energy Strategy 2020 - 2030	Director of Corporate Resources	(Pages 13 - 36)
9.	Airfield Business Park Development Proposal	Director of Corporate Resources	(Pages 37 - 44)
10.	2020/21 Medium Term Financial Strategy Monitoring (Period 10)	Director of Corporate Resources	(Pages 45 - 78)
11.	Date of next meeting. *The next meeting of the Commission is scheduled to take place on Wednesday, 14th April 2021.*		
12.	Any other items which the Chairman has decided to take as urgent.		

QUESTIONING BY MEMBERS OF OVERVIEW AND SCRUTINY

The ability to ask good, pertinent questions lies at the heart of successful and effective scrutiny. To support members with this, a range of resources, including guides to questioning, are available via the Centre for Public Scrutiny website www.cfps.org.uk.

The following questions have been agreed by Scrutiny members as a good starting point for developing questions:

- Who was consulted and what were they consulted on? What is the process for and quality of the consultation?
- How have the voices of local people and frontline staff been heard?
- What does success look like?
- What is the history of the service and what will be different this time?
- What happens once the money is spent?
- If the service model is changing, has the previous service model been evaluated?
- What evaluation arrangements are in place – will there be an annual review?

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Leicestershire County Council

Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Monday, 25 January 2021.

PRESENT

Mr. S. J. Galton CC (in the Chair)

Mr. T. Barkley CC	Mrs. H. J. Fryer CC
Mr. P. Bedford CC	Mrs. R. Page CC
Mr. D. C. Bill MBE CC	Mr. A. E. Pearson CC
Mr. G. A. Boulter CC	Mr. T. J. Richardson CC
Dr. T. Eynon CC	Mrs. M. Wright CC
Dr. R. K. A. Feltham CC	Mr. M. B. Wyatt CC

41. Minutes.

The minutes of the meeting held on 4th November 2021 were taken as read, confirmed and signed.

42. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 34.

43. Questions asked by members under Standing Order 7(3) and 7(5).

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

44. Urgent Items.

There were no urgent items for consideration.

45. Declarations of interest.

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

All members of the Commission who were also members of district and/or parish councils declared a personal interest in all items relating to the Medium Term Financial Strategy (minutes 48 to 51 refer).

Mr T J Richardson CC declared a personal interest in agenda item 13 (Supporting Economic Recovery in Leicestershire) as a member of the LLEP Board (minute 53 refers).

46. Declarations of the Party Whip in accordance with Overview and Scrutiny Procedure Rule 16.

There were no declarations of the party whip.

47. Presentation of Petitions under Standing Order 35.

The Chief Executive reported that no petitions had been received under Standing Order 35.

48. Provisional Medium Term Financial Strategy 2021/22 - 2024/45

The Commission considered a report of the Director of Corporate Resources which provided information on the proposed 2021/22 to 2024/25 Medium Term Financial Strategy (MTFS) as it related to Corporate and Central items, provided an update on changes to funding and other issues arising since the publication of the draft MTFS and provided details of a number of strategies and policies related to the MTFS. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Chairman welcomed the Leader of the Council, Mr N J Rushton CC, and the Cabinet Lead Member for Resources, Mr J B Rhodes CC to the meeting for this item.

Before the Director introduced the report, with the permission of the Chairman Mr Rhodes, the Cabinet Lead Member for Resources, advised the Commission that the budget as presented did not include any decision regarding the ability of the Council to levy an additional 3% precept for Adult Social Care. Having had regard to the significant financial pressures facing the Council the Cabinet at its meeting on 5th February would be recommended to opt to levy the additional Adult Social Care precept thereby resulting in a total council tax increase of 4.99%. The additional 3% precept would generate approximately £9.6million. The Commission was advised that the Council was reliant on council tax for funding 80% of its expenditure and received no Revenue Support Grant from the Government.

The Director of Corporate Resources in introducing the budget highlighted the significant uncertainty facing the Council going forward. Whilst the Council had prepared a four year MTFS, it was highlighted that the government settlement was for one year only and within that there were some grant funding streams which were yet to be agreed.

The Leader also emphasised the level of uncertainty facing the Council at this time. Costs were increasing, and demand for services was also increasing. As a result of the Covid 19 Pandemic it was highly likely that there would be further demands on Council services as families struggled to cope with the effects. He said the Council should, however, be proud of the support it had provided to residents and businesses during the pandemic through business support grants and funding for school meals.

Arising from discussion and questions, the following points were raised:

Revenue Budget

(i) The pressures on the budget would largely depend on how the Government chose to address the national deficit which currently stood at over £2 trillion. Even if the Government were to seek to borrow to fund the deficit, there would still be significant pressures for a reduction in public spending.

(ii) Unemployment was likely to increase significantly as a result of the Covid 19 pandemic which in turn would reduce the level of revenue generated from council tax as more people would become eligible for support. In the current year Government support, in particular the furlough scheme, had cushioned the economic impact of the pandemic. Given the Council's reliance on council tax revenue this was a concern, particularly for the County Council though it was acknowledged that district and parish councils would also be affected.

(iii) The budget for 2021/22 was a balanced budget but looking ahead there was a significant gap of some £92million. Of this £30million of savings had been identified. A sum of £36million had yet to be identified. £26million related to Special Educational Needs. The Lead Member for Resources advised the Commission that the Council, together with a number of other Councils, had made strong representations to Government regarding SEN spending pressures. A response had been received from the Department for Education indicating they were aware of the issue but could not address it in the coming year but had offered a meeting to discuss the issue.

(iv) Members of the Commission noted the challenging financial position and the significant uncertainty facing this and all other Councils. The need to address cost pressures arising from SEN and securing Fair Funding for the Council which remained one of the lowest funded Councils in the country, were of paramount importance.

Central Items, Growth and Savings, Council Tax and Business Rates and Reserves

(v) Given the level of uncertainty faced by the Council over the coming 12 months, a contingency of £8million was being held in 2021/22, reflecting the difficulty delivering savings and resolving other financial issues, which if not required would be used for the Future Development Fund.

(vi) The contingency for inflation and pay awards which was held centrally would be allocated to departmental budgets. The MTFS assumed £15m would be required for an increase in pay over the 4-year MTFS. If the public sector pay freeze was extended beyond 2021/22 this would mean a reduced need in the contingency to some £3million.

(vii) It was difficult to predict the impact of the pandemic on funding realised from council tax, particularly the increase in the Local Council Tax Scheme to support households facing unemployment. The budget proposals had built in an estimated shortfall of £14million in the coming year with smaller amounts in the following two years reflecting the expected economic recovery.

(viii) Clinical Commissioning Groups (CCGs) were under significant pressure facing growing demand for services arising from the pandemic. The Council had a good working relationship with the local CCGs and the Council was supporting them in improving the discharge of patients from hospitals, this was only possible with significant Government funding which had not been announced for 2021/22.

(ix) Each Overview and Scrutiny Committee had been advised of work being undertaken to identify additional savings to meet the shortfall in subsequent years.

Much of this work was at an early stage but included reviews across several departments of their operating models to identify efficiencies. Given that the Council had already saved over nearly £200million since 2010 the opportunities for efficiency savings were limited and unless there was additional support and fair funding from Government there would be an adverse impact on services to the public.

Capital Programme

(x) With regard to forward funding of capital schemes:

- Work was on-going to develop a policy that would apply to all future projects across the County where the Council was required to forward fund a scheme. This would require consultation with district councils and a report would be brought to the Cabinet and a future meeting of the Commission regarding the proposed way forward.
- There were risks associated with the forward funding of capital schemes as it relied on having robust and enforceable agreements with district councils. District councils were the authority responsible for the granting of planning permissions and setting conditions to such permissions including the application and agreement of Section 106 agreements on which the County Council would be reliant to meet the cost of infrastructure, particularly roads and schools, but also other service requirements such as waste disposal and libraries.
- Whilst forward funding of infrastructure such as roads and schools is something County authorities are able to do, to ensure continuity of funding is available to support this approach on a County wide basis further legal advice was being sought from Counsel on the mechanics of using Section 106 agreements with developers and relevant district councils. This would inform the development of the policy.

(xi) The Disabled Facilities Grant figure included in the Capital programme was passported in its entirety to district councils.

RESOLVED:

That the comments now made be submitted to the Cabinet for consideration at its meeting on 5th February 2021.

49. Medium Term Financial Strategy 2021/22 - 2024/25 - Chief Executive's Department

The Commission considered a joint report of the Chief Executive and Director of Corporate Resources which provided information on the proposed 2021/22 to 2024/25 Medium Term Financial Strategy (MTFS) as it related to the Chief Executive's Department. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

The Chairman welcomed Mr N J Rushton CC, the Leader of the Council, Mr B L Pain CC, the Deputy Leader of the Council and Lead Member for Regulatory Services, Broadband Delivery and Minerals and Waste Planning, and Mrs L Richardson CC, Cabinet Lead Member for Communities, to the meeting for this item.

Arising from discussion and questions the following points were raised:

(i) The Departmental expenditure Control Group established to scrutinise vacancy control and agency spend were conscious of the need to ensure delaying recruitment should not adversely impact on existing staff and on the level of service provided. There was a natural built-in delay as a result of the recruitment process which would account for most of the savings.

(ii) The reference to solicitors in the Adult Social Care area required to draft 'robust responses to litigation' covered such areas as Deprivation of Liberties (DOLS) and where challenges were made by families regarding placements.

(iii) The savings arising from paperless meetings was welcomed not only from a financial perspective but also delivering environmental benefits. Members expressed a view that this should continue even after a return to attended meetings recognising that some further work would be needed to support members.

RESOLVED:

That the comments now made be submitted to the Cabinet for consideration at its meeting on 5th February.

50. Medium Term Financial Strategy 2021/22 - 2024/25 - Corporate Resources Department

The Commission considered a report of the Director of Corporate Resources which provided information on the proposed 2021/22 to 2024/25 Medium Term Financial Strategy (MTFS) as it related to the Corporate Resources Department. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

The Chairman welcomed the Lead Member for Resources, Mr J B Rhodes, to the meeting for this item.

Arising from discussion and questions the following points were raised:

(i) The increase in cost of the Microsoft licence was the subject of a revised contract negotiated by Crown Commercial Services on behalf of local councils and was in line with expectations. The level of increase was lower than had been in previous years having regard to the increased use of Microsoft products in facilitating remote working.

(ii) The overall revenue budget for the Department had gone up and this reflected the cost of pay awards, particularly for more junior staff which was driven by increases in the national living wage. The Department employed a large number of lower paid staff in its school food service.

(iii) The impact of the Covid pandemic was most acutely felt by Leicestershire Traded Services as the most significant part of its business was school food and catering services all of which were and continued to be adversely affected. This was likely to be the case for some time.

(iv) The move to home working offered an opportunity to review the use of Council owned buildings and could result in a reduction in costs or a generation of income through the letting of vacant space and so had been identified as a potential saving.

(v) The provision in the Capital programme of £2.5million for the Sysonby Farm development would only be taken up if the conditions attached to the Homes England Grant were deemed suitable

RESOLVED:

That the Comments now made be submitted to the Cabinet for consideration at its meeting on 5th February.

51. Medium Term Financial Strategy 2021/22 - 2024/25 - Consideration of Responses from Overview and Scrutiny Committees

The Commission considered extracts from the minutes of the Overview and Scrutiny Committee meetings held to consider the Medium Term Financial Strategy (MTFS) 2021/22 to 2024/25 as it related to the County Council departments. A copy of the minute extracts is filed with these minutes.

Arising from discussion the following points were made:

Health Overview and Scrutiny Committee

The Chairman of the Committee underlined the considerable strain on Public Health in dealing with the Covid 19 pandemic and commended the staff for rising to this challenge.

Environment and Transport Overview and Scrutiny Committee

The Chairman of the Committee commended the Department on their work on delivering services with limited resources and cited as an example the quality of the road network as compared to other areas. One area of concern was the significant growth in SEN transport and the Committee had asked for a joint briefing with members of the Children and Families Overview and Scrutiny Committee to better understand the process and pressures faced by both departments.

Adults and Communities Overview and Scrutiny Committee

The Chairman of the Committee commented that the Department had achieved considerable savings from a review of its target operating model which had primarily been focused on improving outcomes for service users. He also highlighted the work now in hand to use, where appropriate for the service user, assistive technology which again aimed to improve outcomes but would also result in cost savings.

The Chairman highlighted one area of concern regarding the Better Care Grant which had yet to be confirmed. This was a grant which the Department was reliant upon in delivering its service.

Children and Families Overview and Scrutiny Committee

The Chairman of the Committee highlighted the significant budget pressures in SEN and Children’s social care. Looking ahead she expressed concern that the lockdown was having a detrimental effect on children and young people in terms of lost learning and on their mental health and how this would affect demand for services.

RESOLVED:

That the comments now made be submitted to the Cabinet for consideration at its meeting on 5th February.

52. Draft Revised Corporate Asset Investment Fund Strategy 2021 - 2025

The Commission considered a report of the Director of Corporate Resources which detailed the revised Corporate Asset Investment Fund (CAIF) Strategy for 2021 to 2025 and set out the Council's planned approach to future asset investments utilising the CAIF. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

The Chairman welcomed the Lead Member for Resources, Mr J B Rhodes, who attended for this item.

Arising from discussion and questions the following points were raised:

(i) The CAIF had been in place since 2014, and it was considered timely for an independent external review to be undertaken of the Strategy, especially in the light of Covid 19 and the effect the pandemic had, and was forecasted to continue to have, on the economy.

(ii) The CAIF had performed well during 2020 despite the pandemic. No tenants had gone bankrupt and there were no voids directly arising from the pandemic. Whilst some changes to the frequency of rental payments had been agreed with some tenants, all continued to pay rent on time.

(iii) 34 new lettings had been agreed since March. Whilst it was more difficult to secure new tenants at this uncertain time, the assets owned by the County Council continued to remain attractive which made the CAIF, at its core, strong and resilient. Despite this, Members agreed there was no time for complacency, as 2021 would continue to be a difficult year for the economy both nationally and globally.

(iv) Although the Council held investments in office buildings, the nature of the tenants occupying such premises e.g. the Loughborough University Science and Enterprise Park (LUSEP), meant these had not been affected like many others.

(v) Members noted the suggestion by Hymans to invest in oversees infrastructure schemes. The Director confirmed that this could be done directly or indirectly utilising the Council's pension fund expertise to assess such investments and risk exposure.

(vi) Concern was raised about the possible increase in investments outside the County as a result of the suggestion by Hymans that more account should be taken of 'location'. Members were reassured that most of the Council's investments were within Leicestershire or its economic subregion and that this was unlikely to change. The Lead Member for Resources emphasised, however, that the purpose of the Fund was to generate income for the Council and whilst locating within the County would be preferred this had to be balanced against the security of the investment, the level of yield likely to be generated and risk and flexibility. He said it was important that CAIF investments were made for sound business reasons to support the Council's Medium Term Financial Strategy, as to do otherwise could result in riskier investments being made.

(vii) Members expressed concern about the possible reduction in rural assets and proposals to sell county farm land for development where possible. A member raised specific concerns about the long term risks to the Council if it reduced its asset base for short term gain. Another member emphasised that rural farm land was not just an asset, but the much valued countryside of the County and that the sale of such land should be considered in this wider context. Members were pleased to note that the Council would seek to acquire land to replace any of the County Farms Estate which was disposed of for other uses under the CAIF Strategy and that this had been its approach for some time.

(viii) It was noted that, in light of the independent review by Hymans, investigations into asset classes such as residential and student accommodation would be undertaken. Members highlighted that Leicester City, De Montfort and Loughborough University had recently reported that student accommodation was already over allocated. Given the number of students now accessing courses remotely, a member further questioned if demand for such accommodation would likely reduce post-Covid.

(ix) As the Council was not a housing authority, housing investments raised some specific technical issues for the Council which would need to be overcome by the setting up of a Council owned housing company. There were no proposals planned to enter the housing market at the current time, but this would be considered when and where appropriate.

(x) In response to a question raised, the Director confirmed that one of the Council's sites occupied by a Citroen dealership was operating well and the tenant continued to pay rent on time.

(xi) A member questioned the Council's continued investment in logistical buildings and whether this approach provided a sufficiently mixed range of employment. It was noted that whist the retail sector was not doing well, even pre-Covid, logistics and industrial sectors were, and the Council had benefited as a result. The Director highlighted that the CAIF generated an income which supported the delivery of a balanced budget, without which the financial gap would increase and cuts to services would be more likely.

(xii) In terms of next steps, Members noted the proposal to continue with current investments but that new, large strategic investments would be unlikely given the level of current economic uncertainty. The position would be monitored, and investments pursued as and when deemed appropriate. Such investments would be overseen by the CAIF Advisory Board and would be reported to the Scrutiny Commission and the Cabinet as necessary.

RESOLVED:

That the comments now made be referred to the Cabinet for consideration at its meeting on 5th February 2020.

53. Supporting Economic Recovery in Leicestershire

The Committee considered a report of the Chief Executive which set out the proposed economic recovery actions to be taken by the County Council in response to the impact of Covid-19 restrictions on Leicestershire's businesses and workforce. The report also sought the Commission's views on a range of actions proposed to support businesses and individuals over the short, medium and long term, including participating in the national Kickstart scheme, the work+ programme designed to support people seeking work, and Broadband improvements. A copy of the report marked 'Agenda Item 13' is filed with these minutes.

Arising from discussion and questions the following points were raised:

(i) Members welcomed the good work being undertaken to support businesses and generate employment opportunities for young people that had been disproportionately affected by the economic impacts of Covid-19. In particular, members were pleased that the Kickstart Gateway placements would be for 12 not 6 months. A Member requested a summary of the schemes be circulated to all members so that they too could disseminate this information to their local contacts.

(ii) The County Council had identified 15 Kickstart placements. The response across the Council had been positive. Arrangements would be made to allocate people to those posts quickly, subject to current Covid-19 restrictions.

(iii) A member questioned how it could be ensured that through the schemes, workers were not exploited, and, in respect of the Kickstart scheme, this would result in longer term employment opportuneness when the 6 or 12 month placements came to an end. Members were reassured that for the Kickstart programme a robust evaluation of businesses was undertaken both through the DWP process and through a local assessment carried out by the County Council. Work+ would be run by the Adult Learning and Communities teams and so would be subject to the usual checks throughout. Members noted that both schemes would be subject to an evaluation process so that outcomes could be assessed.

(iv) It had been disappointing that a broadband partner had not been secured during the procurement exercise covering the east of the County undertaken last year. However, members were hopeful that the actions now proposed and conversations with Broadband Delivery UK (BDUK) would enable progress to be made in this area.

(v) A member highlighted the need to bring people back into the high street which had been struggling prior to the pandemic but had now been hit further as a result of Covid 19 restrictions. It was suggested that place marketing would play a critical role in helping to encourage people back into the areas towns at the appropriate time. Whilst funding had been allocated to support tourism initiatives, detail of specific activities had not yet been agreed. The funding whilst substantial also needed to be spread across a broad area and consideration would therefore be given to what those towns were already doing and what the Place Marketing Organisation could do to support that.

(vi) A Member raised concerns that some businesses needed further support to help them diversify as a result of the challenges now posed by Covid. It was noted that the Council's business recovery grant which had operated last year had supported a number of businesses for that purpose. New enquires for support now, however, needed to be referred through the Business Gateway (https://bizgateway.org.uk/) which could provide information on funding available from a range of sources.

RESOLVED:

That the comments now made be reported to the Cabinet at its meeting on 5th February 2021.

54. Date of next meeting.

RESOLVED:

It was noted that the next meeting of the Commission would be held on 15 March 2021 at 10.30 am.

1010.00 am - 1.20 pm
2525 January 2021

CHAIRMAN

SCRUTINY COMMISSION – 15th MARCH 2021

STRATEGIC PROPERTY ENERGY STRATEGY 2020 - 2030

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of the Report

1. The purpose of this report is to present the revised Strategic Property Energy Strategy (appended to this report) for 2020 – 2030 and accompanying action plan for comment.

Policy Framework and Previous Decisions

2. The previous Property Energy Strategy was considered by the Scrutiny Commission on 11 July 2014 and was subsequently approved by the Cabinet on 15 July 2014.

3. In 2018 the Council signed up to the UK100 pledge; a commitment to switch to 100% Clean Energy[1] by 2050.

4. In May 2019 the Council declared a 'Climate Emergency' and set a 'Net Zero Carbon' target for Council operations to be achieved by 2030.

5. The Strategic Property Energy Strategy is a sub strategy of the Council's Environment Strategy which was updated and approved by Full Council in July 2020.

6. The Strategy will be looked at by the Environment and Transport Overview and Scrutiny Committee at its meeting on 4th March. Its comments will be reported to the Commission at its meeting on 15th March.

Background

7. In 2012/13 the County Council's gas and electricity costs amounted to £1.64m. With utility prices forecasted to significantly increase the first Property Energy Strategy was adopted to proactively take steps to reduce the organisation's related energy consumption.

8. By October 2016 all targets in the original Property Energy Strategy had been exceeded. This included 25% reduction in annual energy consumption (24% target), £420,000 annual energy cost savings

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1 Energy purchased from renewable, zero-emission sources.

(£395,000 target) and generating 4.5% of energy from renewable sources (target 3%). Had energy consumption not been reduced, the annual bill would have increased by £680,000 due to energy price rises.

9. Key projects which helped to achieve these targets included the installation of a 1MW biomass boiler at County Hall, installing solar panels at 11 key Council sites and many small-scale energy upgrades such as LED lighting, boiler replacements and heating control enhancements across the corporate estate.

10. In addition to financial and energy savings there have been significant carbon savings made too. Since the Council's first carbon targets were set in 2008, the Council's carbon emissions (this includes greenhouse gases as outlined in the Kyoto Protocol[2]) - due to energy use in buildings - have reduced by 64.5%. This is a combination of reducing energy consumption from buildings, decarbonisation of buildings energy consumption and national grid decarbonisation.

11. To build on this achievement further targets were then set in the 2017 Energy and Water Strategy.

<u>Performance/achievements to date</u>

12. The Council has a strong history of reducing carbon emissions across all its operations. The 2019-20 Environmental Performance Report states that:

    a. The Council's total net carbon dioxide equivalent (CO2e) emissions in 2019-20 were 11,633 tonnes. This was 67.4% below the baseline year of 2008-09 and 5.7% less than 2018-19.

    b. Since 2008-2009 there has been a 64.5% reduction in emissions (GHG) from Council buildings.

13. Performance against the targets in the 2017 Energy and Water Strategy is as follows:

    (i) The amount of renewable energy generated from Council properties as a percentage of total energy consumed by Council properties was 15.6% at the end of 2019-20, above the 14% target.
    (ii) Avoided energy costs of £402,000 during the financial year 2019/20, against a target of £320,000. During this period electricity and gas consumption reduced by 10% and 9% respectively whereas the price rose by 13% and 19% respectively in this time.

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[2] Greenhouse gases: The Kyoto Protocol covers seven main gases; carbon dioxide (CO2), methane (CH4), hydrofluorocarbons (HFCs), nitrous oxide (N2O), perfluorocarbons (PFCs), sulphur exafluoride SF6) and Nitrogen Trifluoride NF3. Government emissions factors focus on carbon, methane and nitrous oxide – there are some LCC uses that involve others e.g. air conditioning

14. Key projects in respect of the Council's own property portfolio which have helped deliver these targets include:

    (i) 153kW of Solar PV installed at Beaumanor Hall, The Trees Respite Centre, Bosworth Battlefield Heritage Centre, Enderby Adult Learning Centre, Melton Short Breaks Centre, Loughborough Family and Wellbeing Centre.
    (iii) LED lighting upgrades delivered at Beaumanor Hall, Enderby Adult Learning Centre, Bosworth Battlefield Heritage Centre and more.
    (iii) 25 Electric Vehicle (EV) chargers installed at County Hall, Croft Highways Depot, Mountsorrel Highways Depot, Coalville Business Centre and Loughborough Technology Centre.

Strategic Property Energy Strategy 2020 - 2030

15. The new Strategic Property Energy Strategy sets out how the Council will work towards achieving its Net Zero Carbon target by 2030 in respect of its own property portfolio. The Council's 2019 CO_2^e declaration for direct greenhouse gas emissions identified that 36% (4,596 tCo2e) originate from Council premises. The Council's target is to get to net zero carbon by 2030. The main sources of carbon emissions from properties is the emission associated with heating and cooling buildings.

16. Covid 19 has presented an unexpected opportunity to save energy. At County Hall alone there has been a 19% reduction in electricity (kwh) since April 2020. The revised Strategy will support a green Covid recovery. Through collaboration with the Ways of Working programme to prioritise buildings for retention or to vacate and tailoring energy upgrades with new digital ways of working in mind.

17. The Strategic Property Energy Strategy also supports the key principles of Invest to Save and Carbon Reduction outlined in the MTFS.

18. The three main aims of the Strategy are:

    (i) Saving energy and generating renewable energy to work towards the Council's 2030 Net Zero Carbon target.
    (ii) Ensure energy conservation is embedded into property processes and construction projects to further support the Council's 2030 Net Zero Carbon target.
    (iii) To foster a carbon conscious culture at the Council and support projects saving carbon across the County.

19. The key targets in the Strategy are:

    (i) 30%-50% Reduction in annual energy consumption from Council buildings compared to 2019/2020 usage. The higher target of 50%

is dependent upon increased investment by the Council or external funding.

(ii) 50% increase in on-site renewable or zero-carbon energy generation on Corporate Council Buildings as percentage of annual consumption by Corporate Council buildings.

20. Ongoing performance against these targets will be presented quarterly in the Corporate Environmental Dashboards. As the Property Energy Strategy is a sub strategy of the Environment Strategy annual performance will be included in the Annual Environmental Performance Report. These dashboards and reports are produced by the Strategic Environment Team assisted by the Energy Team in Property Services.

21. Some of the key projects identified in the supporting action plan included within the Strategy are:

- Increase solar PV and LED lighting at County Hall by the end of 2021/22.
- Solar PV and Electric vehicle chargers at Snibston Country Park; by the end of 2021/22.
- Investigate low carbon heating solutions at Council properties including heat pumps and district heating.
- Achieve ISO 50001 certification for Energy Management by end of 2021/22.
- Increase electric vehicle charging provision across the Corporate Estate and County.
- Influencing key stakeholders e.g. schools, academies, tenants, developers to implement low carbon solutions.
- Deliver large scale energy generation schemes such as Solar Farms on Council-owned land. First installation expected onsite in 2022, subject to planning.

Resource Implications

22. The County Council's Medium-Term Financial Strategy (2021/22 – 2024/25) was approved by full Council on 17 February 2021 and identifies savings requirements relating to improvements in the energy and water performance of the County Council's property estate of £350,000 by 2024/25.

23. In the current Strategic Property Services service structure, there is a vacant grade 10 Energy Officer post. Approval has recently been granted to recruit to this post to support the delivery of the Energy Strategy.

24. It is anticipated that in the future there will be the potential to draw in private investment and/or external grant funding to support the implementation of some of the actions in the Energy Strategy Action Plan and these will be explored as opportunities arise.

Timetable for Decisions

25. The Strategic Property Energy Strategy and supporting Action Plan are to be considered by the Cabinet at its meeting on 23 March 2021. Comments from the Scrutiny Commission and the Environment and Transport Overview and Scrutiny Committee will be reported at the meeting. Subject to approval by the Cabinet, the Strategy will come into force immediately.

Background Papers

Property Energy Strategy - 15 July 2014 - Cabinet

Revised Environment Strategy and Action Plan – 8 July 2020 – County Council

Environment Performance and Greenhouse Gas Report – 14 January 2021 Environment and Transport Overview and Scrutiny Committee

Circulation under the Local Issues Alert Procedure

17. None.

Officer to Contact

Chris Tambini, Director Corporate Resources,
Tel: 0116 3056199 Email: chris.tambini@leics.gov.uk

Hannah Moss, Energy Business Partner
Tel: 0116 3056961 Email: Hannah.moss@leics.gov.uk

Appendix

Strategic Property Energy Strategy 2020-2030.

Equalities and Human Rights Implications

18. An EHRIA scoping has been completed. There are no negative impacts or consequences arising from the recommended Property Energy Strategy and therefore a full EHRIA is not required.

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Strategic Property Energy Strategy 2020-2030

"Over the next 10 years, the Strategic Property Team will influence decision makers, empower staff and support communities working towards a cleaner, greener, low energy future for Leicestershire County Council"

Photo source: https://www.ukconstructionmedia.co.uk/features/building-green-future-sustainability-construction/

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PURPOSE AND SCOPE OF THE STRATEGY

This strategy outlines the progress Leicestershire County Council (the Council) has achieved in property energy management. It sets new aims and targets for the Strategic Property Energy Team to save energy at Council properties and support County-wide carbon saving projects contributing towards the Council's 2030 Net Zero Carbon target. The report ends with an action plan detailing how these aims and targets will be achieved. This document sits as a sub-strategy of the Council's Environment Strategy 2018-2030. The scope of the strategy is Council buildings and land although the aims and action plan set out steps for expanding this scope and supporting County wide projects over the next 10 years.

BACKGROUND AND WHERE WE ARE NOW

The Council has a strong history of investing-to-save and a key area for this investment has focused on reducing energy consumption across the estate. Since the Council's first carbon targets were set in 2008, the Council's carbon emissions (this includes greenhouse gases as outlined in the Kyoto Protocol[1]) - due to energy use in buildings -have reduced by 64.5%. This is a combination of reducing energy consumption from buildings, decarbonisation of buildings energy consumption and national grid decarbonisation.

The Council's building stock currently varies in terms of building size, age and efficiency. There are a few heritage buildings within the stock posing challenges for energy enhancements – namely Beaumanor Hall – as well as new builds and recently refurbished properties that are amongst the Council's most efficient. Display Energy Certificates (DECs) are a useful indicator of building efficiency as they measure building performance against benchmarks. They take energy usage into account as well as building fabric and infrastructure and currently the Council has no A rated buildings. The DEC ratings are listed in Table 1 below:

DEC Rating	Percentage of Buildings with Rating
B	6%
C	31%
D	25%
E	22%
F	5%
G	11%

Table 1: DEC Ratings 2020

Listed below is a brief history of Property Energy Management at the Council:

2014 - The Property Energy Master Report was adopted, identifying a number of opportunities for the Council to save energy and money across the property portfolio. By October 2016 all targets had been exceeded.

[1] Greenhouse gases: The Kyoto Protocol covers seven main gases; carbon dioxide (CO2), methane (CH4), hydrofluorocarbons (HFCs), nitrous oxide (N2O), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and Nitrogen Trifluoride NF3. Government emissions factors focus on carbon, methane and nitrous oxide – there are some LCC uses that involve others e.g. air conditioning

2017 – The Energy and Water Strategy was well received as a follow up to the 2014 Property Energy Master Report. Progress against targets are set out in Table 2 below:

Carbon Savings	Energy and Water Objectives to Achieve by April 2021[2]	Progress as of April 2020	Narrative
Saving carbon for the Council	Annual Energy and Water savings of £320,000	Avoided Costs of £402,000	The Council would have spent an additional £402k during financial year 2019/20 if energy consumption had not reduced. This figure includes £93k energy bill savings, £179k income from FITs and RHI[3] for renewable energy as well as a saving of £130k from the end of the CRC[4] scheme. CCL[5] is automatically included in energy bills now and despite this, the Council's overall bill is still lower. Electricity and gas consumption reduced by 10% and 9% respectively whereas the price rose by 13% and 19% respectively in this time. This equates to 1,335 tonnes Co2e saved since 2017/18.
	Continue to increase provision of renewable energy by 1% year on year[6]	Now generating 15.6% which is ahead of the current 14% target.	This equates to 2,980 MWh generated from renewable sources, an offset of 582 tonnes Co2e. More efficient use of the biomass boiler at County Hall as well as additional solar PV has contributed towards this success.
	Increase provision of recycled and self-sourced water by 1% year on year	Not currently achieved.	Considering the climate emergency declaration and 2030 zero carbon target it was agreed to focus on electricity and gas reduction, as this has the potential to save more carbon than water, since water has lower levels of associated carbon emissions.

[2] Baseline data 2017/18 financial year.
[3] Feed in Tariff (FIT) for electricity generation and Renewable Heat Incentive (RHI) for heat generation.
[4] Carbon Reduction Commitment; a scheme for large energy users where required to submit and pay for annual carbon emissions; scheme ended in 2019.
[5] Climate Change Levy which is the replacement scheme for CRC and automatically adds the levy to all bills.
[6] Calculated as per Environment Strategy KPI C17 as percentage of annual building energy consumption generated by renewables on Council land and buildings. This KPI has since been updated and the new format will be used moving forward to report on new energy targets.

			However, projects are still being considered for water saving and recycling and water efficiency is a key part of the new Zero Carbon Construction Guidelines.
	Reduce annual water consumption by 10%	Not currently achieved.	As above.
Saving carbon for the County	Increase energy efficiency of schools and Academies and generate income	The Council has supported 4 schools and Academies to date.	Projects at Bosworth Academy, Winstanley College, Countesthorpe College and Hinckley Parks Primary School have contributed towards savings of 500 CO^2 tonnes per year.
	Generate Income	Since we began selling solar electricity to farm and industrial tenants in 2016, we have cumulatively earned £27k to this date.	More tenants have recently signed up to Power Purchase Agreements (PPAs) including the new tenants at the LUSEP building which could earn up to £60k per year.

Table 2: Progress against previous Energy Targets

2018 – The Council signed up to the UK100 pledge; a commitment to switch to 100% Clean Energy[7] by 2050.

2019 – In May the Council declared a 'Climate Emergency' and set a 'Net Zero Carbon' target for Council operations to achieve by 2030.

2020 - Zero Carbon Policy and Construction Guidelines agreed by the Chief Officer. The policy and guidelines set out targets and measurable conditions to be met for all new build and refurbishment projects. The guidelines specify key targets for operational energy performance, overheating, renewable energy generation, EV charging provision, BMS, metering, water saving, biodiversity, seasonal commissioning and handover processes.

Key Projects to date:

Since 2017, Property has delivered:

- ✓ 153kW of Solar PV installed at Beaumanor Hall, The Trees Respite Centre, Bosworth Battlefield Heritage Centre, Enderby Adult Learning Centre, Melton Short Breaks Centre, Loughborough Family and Wellbeing Centre.
- ✓ LED lighting upgrades delivered at Beaumanor Hall, Enderby Adult Learning Centre, Bosworth Battlefield Heritage Centre and more.
- ✓ Secured the grid connection and submitted the planning application for a 10MW solar farm near Quorn.

[7] Energy purchased from renewable, zero-emission sources.

- ✓ 25 Electric Vehicle (EV) chargers installed at County Hall, Croft Highways Depot, Mountsorrel Highways Depot, Coalville Business Centre and Loughborough Technology Centre.
- ✓ In 2019, the Council switched to purchasing 100% clean electricity.
- ✓ SCORE+ (Schools Collaboration on Reducing Energy) - The SCORE+ service is an energy performance partnership for Leicestershire secondary schools and academies. By providing access to the Council's Energy Performance Contract secondary schools can install energy conservation measures to upgrade their assets, improve building conditions and reduce running costs. Table 3 below details the SCORE+ projects to date:

	Annual Energy savings guaranteed (kWh)	Annual Anticipate financial savings (Avoided costs)	CO2 savings /annum (tCo2)
Bosworth Academy	970,205	£53,740	253
The Winstanley College	411,767	£20,014	105
Countesthorpe Community College	215,511	£31,421	54
Hinckley Parks Primary School	20,902	£24,300	90

Table 3: Score+ Projects

Political Commitments and Legislation

The Property Energy Strategy also supports Government Policy and International commitments.

At **COP 21** (Conference of the Parties) in Paris, on 12 December 2015, Parties to the United Nations Framework Convention on Climate Change (UNFCCC) reached a landmark agreement to combat climate change and to accelerate and intensify the actions and investments needed for a sustainable low carbon future. The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius. All Parties report regularly on their emissions and on their implementation efforts.

In **2017**, the **UK Clean Growth Strategy** set out proposals for decarbonising the UK economy through the 2020s.

The **2018 UK 25 Year Environment Plan** sets out a plan to improve the environment within a generation and leave it in a better state than it was found.

The **UK Climate Change Act 2008** originally set out a target to reduce carbon emissions by 80% by 2050 from a 1990 baseline. In 2019, this target was revised and now sets a 100% reduction.

The **Future Homes Standard** will require new build homes to be future-proofed with low carbon heating and world-leading levels of energy efficiency; it will be introduced by **2025**. It is expected that non-Domestic building standards will follow a similar course.

There are many other **construction guidelines** for buildings setting out ways to minimise impacts on the environment and reduce carbon emissions. These include BREEAM, Code for Sustainable Homes and Passivhaus. However, the only mandatory standards currently are Part L of the Building Regulations.

COVID GREEN RECOVERY

Covid-19 has presented an unexpected and accelerated change in the way that people work, live and travel and this inevitably changes the way the energy is used, and carbon is emitted. The Strategic Property Energy Team will work with Environment and Transport (E&T) and the Transformation Unit (TU) to adapt its energy reduction programme to changing needs. The Government has pledged funding for a 'Green Recovery' from the pandemic and the Council has set outs its outline vision for driving a green recovery below:

Short term[8]

- ✓ Property will continue to collaborate with the Ways of Working programme to provide energy input to prioritise buildings to retain and buildings to vacate. The Strategy will inform future energy upgrade programmes.
- ✓ Tailor energy upgrades to new ways of working across sites through the use of ICT to support digital meetings and to make the workplace as efficient as possible to drive down the County Hall baseload. Examples include 'smarter' technologies such as smart office metering and online monitoring platforms to compliment desk booking systems reducing the need for large amounts of ICT equipment to be left on standby when not required.
- ✓ Continue to support switch to EV for Council fleet, staff and County residents by installing chargers at Council and public locations.
- ✓ Support energy efficiency for staff working from home.
- ✓ Apply for Public Sector Decarbonisation Scheme funding to realise projects delivering carbon savings.

Medium term

- ✓ Continue to identify energy generation schemes with the increasing likelihood of powering more homes through the grid.
- ✓ County Hall campus likely to continue expanding and developing therefore we will continue to pursue renewable heating methods on site.
- ✓ Research embedded carbon and build mitigation measures into Construction guidelines to reduce the impacts of the construction process and build this into strategic property reviews comparing renovation projects to new build projects.

Long term

- ✓ Work more on reducing County Carbon emissions in addition to Council buildings. This will include more work with Schools, Academies, District and Borough Councils,

[8] Short Term - 1-2 years. Medium Term - 3-5 years, Long Term - 6-10 years.

Businesses, Residents and Communities to support the reduction in carbon across the County.

2020-2030 AIMS

The Strategic Property Energy Team has set out 3 main aims to work towards Net Zero Carbon by 2030:

Aim 1
Saving energy and generating renewable energy to work towards the Council's 2030 Net Zero Carbon target.

Aim 2
Ensure energy conservation is embedded into property processes and construction projects to further support the Council's 2030 Net Zero Carbon target.

Aim 3
To foster a carbon conscious culture at the Council and support projects saving carbon across the County.

AIM 1 - SAVING ENERGY AND GENERATING RENEWABLE ENERGY TO WORK TOWARDS THE COUNCIL'S 2030 NET ZERO CARBON TARGET

Targets

Council buildings accounted for 34% of the Council's direct measured Carbon Dioxide equivalent (CO2e)[9] emissions during 2019/20. Property therefore plays a key role in supporting the Council's Net Zero Carbon target and has set out new targets. Lower and higher targets have been set demonstrating the differing impact the Council could make by increasing investment in zero-carbon technology. The targets focus on reducing energy consumption and increasing the generation of renewable energy on Council buildings and land. To achieve Net Zero Carbon without off-setting or off-site renewable energy generation, the Council would need to build an entirely new portfolio of buildings built to zero carbon standards and generating renewable energy on site and being heated by renewable energy.

Measure	Lower Target April 2030	Higher Target April 2030
Reduce annual energy[10] consumption from Council buildings compared to 2019/20[11] usage	30%	50%
On-site renewable or zero-carbon energy generation on Corporate Council Buildings as percentage of annual consumption by Corporate Council buildings.[12]	50%	
Potential Annual Energy Savings	5,708 MWh	9,514 MWh
Potential Annual Carbon Savings[13]	2,431 tCO2e	2,730 tCO2e
Potential Annual Financial Savings[14]	£675k	£1.1m

[9] Carbon Trust CO2e definition: "A carbon footprint is measured in tonnes of carbon dioxide equivalent (tCO2e). The carbon dioxide equivalent (CO2e) allows the different greenhouse gases to be compared on a like-for-like basis relative to one unit of CO2". [Accessed online at: https://www.carbontrust.com/resources/guides/carbon-footprinting-and-reporting/carbon-footprinting/].

[10] % reduction based on 2019/20 gas, biomass, and electricity baseline.

[11] 2019/20 Energy consumption, generation and cost data is included in Appendix 1.

[12] Calculated as per Environment Strategy KPI C17a updated 2020.

[13] Energy savings assumes same split between gas and electricity as 19/20. Of the remaining consumption a 50:50 split between gas and electricity has been assumed for the carbon savings from renewable energy.

[14] Based on 3.7% annual increase ONS data.

Table 4: Energy Targets

The lower end (30% reduction in energy consumption) target is ambitious but realistic when considering the Council's existing building stock. Without significant shifts in funding or feasible and cost-effective low carbon energy sources and on-site generation; the Council will need to consider options such as off-setting to reach Net Zero Carbon. This is because current retrofit and new build technologies - that are currently feasible and cost effective - will not alone deliver enough carbon savings to achieve Net Zero Carbon by 2030.

The higher end (50% reduction in energy consumption) target demonstrates the more carbon and significantly more money could be saved by investing in energy saving technologies across the Council over the next 10 years. Reaching this target will require the Council to pursue newer and more innovative projects such as battery storage, renewable technologies, heat pumps and district heating.

The Strategic Property Energy Team will continue to pursue off-site renewable energy generation over the next 10 years. This will be reported through the Environment Strategy KPI C17b (updated 2020) which will monitor energy generated on Council land and properties that are not corporate, such as County Farms, Industrial Units and Schools. This will support the decarbonisation of the grid.

To support the reduction in CO_2^e emissions by 2030, the Council is likely to become more reliant on electricity rather than gas for heating - such as through heat pumps - as electricity has a lower carbon footprint than gas since it can be generated from clean and renewable sources. Where possible, the Strategic Property Energy Team will continue to pursue district heating and the use of biomass boilers as other forms of low-carbon heating.

Performance indicators such as kWh/m^2 will be used to benchmark and identify issues with energy performance. Day to day management including optimising heating control settings, visiting remote Council buildings and monitoring energy data to identify and mitigate changes in consumption are effective, low-cost ways of managing energy consumption and the team will continue to manage energy in this way.

No targets have been set for the reduction of water usage as the Council's usage is low and the carbon emissions from water are much lower than from gas or electricity. Property will however still install and upgrade water facilities to more efficient ones where possible as well as looking to source and recycle water.

Key Projects –

There are several key projects identified to work towards these targets:

✓	Increased solar PV at County Hall
✓	LED lighting upgrade at County Hall
✓	Solar PV and EV chargers at Snibston Colliery Park
✓	Collaborate with the Ways of Working programme to ensure that the most efficient properties are retained
✓	Produce Decarbonisation Plan

✓	Work with ICT to support energy efficient ways of working in light of changing work patterns following Covid 19
✓	Investigate low carbon heating solutions at Council Properties including heat pumps and district heating
✓	Applying for available funding for energy projects including the current Public Sector Decarbonisation Scheme
✓	Strengthening operational energy management and commission low-cost initiatives at buildings by optimising heating controls, increasing building insulation, identifying changes in energy use patterns and training staff involved in building management in energy conservation
✓	Participate in trials for innovative technologies such as battery storage and hydrogen fuel cells.
✓	Purchase clean energy.

AIM 2 - ENSURE ENERGY CONSERVATION IS EMBEDDED INTO PROPERTY PROCESSES AND CONSTRUCTION PROJECTS TO FURTHER SUPPORT THE COUNCIL'S 2030 NET ZERO CARBON TARGET

Processes

The Council has several processes in place to ensure that energy is a key part of day to day decision making. The decisions have an impact on the Council's energy consumption and it is therefore crucial that energy does not operate as a silo but rather a key aspect of decision making. Over the duration of this strategy, the Strategic Property Energy Team will re-enforce and build on these processes by pursuing the following key areas:

- ✓ Achieve ISO 50001 certification for Energy Management to establish international standards for energy management. This will complement the ISO 14001 certification for Environmental management that the Council already upholds.
- ✓ Monitor and continually review the construction standards set out in the Council's 2020 Zero Carbon Construction Guidelines for Council Property and Construction Projects
- ✓ Ensure energy is factored into planned and reactive maintenance work
- ✓ Provide training for staff involved in property projects and building management
- ✓ Continue to integrate energy and carbon objectives into strategic decisions around building acquisitions, disposals and reviews
- ✓ Supporting the school and academy investment that the Council makes through supporting greater s106 claims.

AIM 3 - TO FOSTER A CARBON CONSCIOUS CULTURE AT THE COUNCIL AND SUPPORT PROJECTS SAVING CARBON ACROSS THE COUNTY

Collaborative Working

The Strategic Property Energy Team has historically focused on the delivery of Corporate projects delivering savings and/or income for the County Council. The team will still be focusing on the delivery of projects benefitting the County Council, however it recognises the importance of the environment for residents, communities and businesses in Leicestershire. Therefore, the team will begin to support schemes benefiting the County's carbon emissions and working in collaboration with departments including Communities, Policy and Resilience, E&T, the TU and the Growth Unit. It must be acknowledged that it will only be possible to achieve Aim 3 with additional resource in the Strategic Property Energy Team.

There are several ways the Property Department will support carbon emission reductions across the County:

✓	Increase EV charging provision across Corporate Estate supporting the switch to electric fleet
✓	Deliver 10MW solar farm in Quorn
✓	Support EV charger delivery across the County working with partners
✓	Generating low-carbon energy in the County through building additional solar farms or other energy generation schemes feeding energy into the grid or directly to neighbouring properties
✓	Improving energy standards and generating renewable energy through the Corporate Asset Investment Fund (CAIF), Social Care Investment Programme (SCIP) and at industrial units, offices and County Farms.
✓	Specifying contractually obliging energy targets when selling land to developers for housing and other developers subject to market conditions
✓	Providing requirements and specifications for developers building new Schools and Academies
✓	Explore viable ways to support partner organisations including existing Schools and Academies by utilising government funding or identifying gaps in government funding required to finance retro-fit energy upgrades such as through the existing Score+ scheme
✓	Building relationships with key stakeholders including local authorities, the Midlands Energy Hub, APSE Energy, Western Power Distribution, the LLEP and many others

FINAL COMMENTS

“Over the next 10 years, the Strategic Property Team will influence decision makers, empower staff and support communities working towards a cleaner, greener, low energy future for Leicestershire County Council”

This strategy has set out the Strategic Property Energy Team’s achievements to date and has set key aims and targets for 2030. The strategy will continually be reviewed, and work undertaken by the team will always be prioritised in the best interests of Leicestershire and the County Council. Net Zero Carbon is a very ambitious target but a hugely rewarding and important one too. Achieving this will take commitment and investment from Council decision makers.

ACTION PLAN - HOW WE WILL ACHIEVE OUR AIMS[15]

Aim	Project	Timescale [16]
Aim 1 **Saving energy and generating renewable energy to work towards the Council's 2030 Net Zero Carbon target**	Increased solar PV at County Hall	Short Term
	LED lighting upgrade at County Hall	Short Term
	Solar PV and EV chargers at Snibston Colliery Park	Short Term
	Collaborate with the Ways of Working programme to ensure that the most efficient properties are retained	Short Term
	Produce Decarbonisation Plan	Short Term
	Work with ICT to support energy efficient ways of working in light of changing work patterns following Covid 19	Short Term
	Investigate low carbon heating solutions at Council Properties including heat pumps and district heating	Medium Term
	Applying for available funding for energy projects including the current Public Sector Decarbonisation Scheme	On-going
	Strengthening operational energy management and commission low-cost initiatives at buildings by optimising heating controls, increasing building insulation, identifying changes in energy use patterns and training staff involved in building management in energy conservation	On-going
	Participate in trials for innovative technologies such as battery storage and hydrogen fuel cells.	On-going
	Purchase clean energy.	On-going
Aim 2 **Ensure energy conservation is embedded into property processes and construction projects to further support**	Achieve ISO 50001 certification for Energy Management to establish international standards for energy management. This will complement the ISO 14001 certification for Environmental management that the Council already upholds.	Short Term
	Monitor and continually review the construction standards set out in the Council's 2020 Zero Carbon Construction Guidelines for Council Property and Construction Projects. The guidelines also set key requirements for biodiversity, water usage and recycling	On-going

[15] This action plan will be driven and managed by the Strategic Property Energy Team.

[16] Short Term - 1-2 years. Medium Term - 3-5 years, Long Term - 6-10 years.

the Council's 2030 Net Zero Carbon target.	Ensure energy is factored into planned and reactive maintenance work	On-going
	Provide training for staff involved in property projects and building management	On-going
	Continue to integrate energy and carbon objectives into strategic decisions around building acquisitions, disposals and reviews	On-going
	Supporting the school and academy investment that the Council makes through supporting greater s106 claims.	On-going
Aim 3 **To foster a carbon conscious culture at the Council and supporting projects saving carbon across the County**	Increase EV charging provision across Corporate Estate supporting the switch to electric fleet	Short Term
	Deliver 10MW solar farm in Quorn	Medium Term
	Support EV charger delivery across the County working with partners	Long Term
	Generating low-carbon energy in the County through building additional solar farms or other energy generation schemes feeding energy into the grid or directly to neighbouring properties	Long Term
	Improving energy standards and generating renewable energy through the Corporate Asset Investment Fund (CAIF), Social Care Investment Programme (SCIP) and at industrial units, offices and County Farms.	On-going
	Specifying contractually obliging energy targets when selling land to developers for housing and other developers subject to market conditions	On-going
	Providing requirements and specifications for developers building new Schools and Academies	On-going
	Explore viable ways to support partner organisations including existing Schools and Academies by utilising government funding or identifying gaps in government funding required to finance retro-fit energy upgrades such as through the existing Score+ scheme	On-going
	Building relationships with key stakeholders including local authorities, the Midlands Energy Hub, APSE Energy, Western Power Distribution, the LLEP and many others	On-going

Table 5: Action Plan

APPENDIX 1 – 2019/20 ENERGY DATA

Energy Consumption 2019/20		Renewable Energy Generation 2019/20		Energy Costs 2019/20 (Net, including CCL)	
Electricity (kWh)	7,936,468	**Solar Generation (kWh)**	99,931	**Electricity**	£1,034,934
Gas consumption (non-weather corrected) (kWh)	8,839,312	**Heat Generation (kWh)**	987,820	**Gas**	£251,464
Biomass (kWh)	2,254,090	**Generation (% of annual consumption)**	15.6%	**Biomass**	£105,760
Water (m3)	49,100			**Water**	£172,370
				Total	£ 1,564,528
				Renewable Income	£178,668

Table 6: 2019/20 Energy Data

Leicestershire County Council

SCRUTINY COMMISSION – 15TH MARCH 2021

AIRFIELD BUSINESS PARK DEVELOPMENT PROPOSAL

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of the Report

1. The purpose of this report is to advise the Commission of the development proposals for the next phase of Airfield Business Park in Market Harborough (Harborough District). Approval is to be sought from the Cabinet on 23 March for the allocation of resources necessary to support the proposals to submit a planning application for light industrial units covering a further 96,717 sq. ft. of the site, and to proceed to tender to construct part of the space (81,376 sq. ft.) as the next phase of development. The Scrutiny Commission is asked to comment on the proposals.

Policy Framework and Previous Decisions

2. The County Council's Medium Term Financial Strategy (MTFS) is the key financial plan for the Authority. The latest MTFS for the period 2021/22 to 2024/25 was agreed by full Council on 17 February 2021. This included provision for CAIF (Corporate Asset Investment Fund) capital expenditure of £11m in the year 2021/22 and £71m for the period 2021/22 to 2024/2025 bringing the overall CAIF programme to a total of £260m.

3. The County Council's Strategic Plan 2018-22, supported by the Enabling Growth Plan, sets out the Council's objectives for the rationalisation and utilisation of its assets, maximisation of capital receipts, facilitating the delivery of affordable and quality homes and building a strong economy, generating economic growth.

4. The Council's Corporate Asset Investment Fund Strategy (the latest iteration of which was agreed by the full Council as part of the MTFS in February 2021) requires this Fund to be used to add to the Council's portfolio of land assets to:

   a. Ensure that there is more a diverse range of properties available to meet the aims of economic development;
   b. Increase the size of the portfolio;
   c. Improve the quality of land and property available;
   d. Ensure the sustainability of the County Farms and industrial portfolio by replacing land sold to generate capital receipts and;

e. Provide a revenue income stream to support ongoing service delivery;
f. Fund will aim to ensure that its developments will be built in as sustainable a manner as possible with the aim of being net zero carbon in the construction phase and as energy efficient to occupy and operate as possible (including the use, where viable, of on-site renewable energy sources).

Background

5. The County Council owns 15.5 acres of land at Airfield Business Park which it acquired in 2016. The site is located adjacent to the A508 Harborough Road north of Market Harborough and has been identified as a Key Employment Area and allocated for B1(a)/(b) (now class E under the new use class order - offices and research and development of products or processes), B2(c) (general industrial) and B8 (storage and distribution) in Harborough District Council's adopted Local Plan.

6. In July 2018, the County Council secured planning permission to build 80,000 sq. ft. (5.42 acres) of industrial space (12 units for B1/B2/B8 use) on part of the site.

7. Works on these units began in February 2019 and were completed in December 2019 at an overall cost of £6.85m. This development phase was valued in October 2020 as being £7.1m.

8. There has been strong market interest in the development, with 10 of the 12 new units now occupied and the rents achieved were in line with expectations. The scheme has continued to receive strong levels of interest during the recent Covid lockdowns and a number of lettings have been secured during this time, emphasising the scheme's attractiveness as a business location during what has proven to be a challenging economic period.

9. Five of the tenants who moved into Airfield Business Park took space to expand their existing Leicestershire-based operations. The Council has also been successful in attracting 5 new businesses from outside of the County. All of the Council's Airfield Business Park tenants have continued to trade successfully throughout recent Covid lockdowns.

Proposals for further development

10. As a result of the success of the most recent phase of the development, consideration has been given to the potential to develop a further 96,717 sq. ft. (7.69 acres) of the site for E class (formerly known as B1,B2 & B8 uses prior to the implementation of the change to the Use Classes Order in September 2020) (light industrial) units. An indicative masterplan has been produced setting out the proposals which is appended to this report.

11. It is intended to develop the 1-acre parcel of land to the north east of the scheme once the remainder has been developed. This allows future flexibility

to either provide more business units or, subject to planning permission being granted, non-industrial uses - whichever has the highest demand/greatest viability. The site allocation within the Local Plan is for commercial uses and therefore any uses to be considered which deviate from the principles agreed will need to be justified through the planning application process.

12. Submitting a planning application at this stage (including an industrial use for the 1 acre parcel of land) will enable the Council to develop the site in accordance with the planning permission if non-industrial uses are not viable and thus will avoid the need for a new planning permission (with its associated costs).

13. The intention is to submit a planning application for 96,717 sq. ft. but only to proceed to tender to construct 81,376 sq. ft. of the space (see paragraphs 11 and 12 above). This tender will seek to obtain a price to build 27 individual units with sizes ranging from 1,539 sq. ft. up to 10,010 sq. ft. thus offering a broad range of grown-on space to complement what has already been developed on site.

14. The sizes of the proposed units have been developed having regard to the market demand experienced in the most recent phase of development, which highlighted a substantial demand for smaller units (up to 4,000 sq. ft.) which can offer existing tenants the opportunity to move into larger accommodation as their businesses expand in the future.

15. It is intended that the planning application will be submitted in April 2021. Pre-application advice has been sought from County Council planning officers on an informal basis; it should be noted that this should not be seen as indicative of the outcome of any eventual planning application process which will need to follow usual procedures taking into account all relevant and material planning considerations.

16. It is envisaged that the following indicative timescales will apply in terms of delivery and receipt of income for the Council should the proposal be approved by the Cabinet:

April 2021	Submission of a planning application to the County Council as the Planning Authority
September 2021	Planning permission secured
December 2021	Completion of procurement exercise
January 2022	Commence formal marketing
February 2022	Commence construction
November 2022	Practical completion of the scheme
December 2022	First occupation of units

<u>Financial Estimates</u>

17. The cost estimate is currently £9.5m. This includes an allocation of contingency, construction costs, professional fees and letting costs.

18. The contingency against the construction cost element is considered appropriate given that significant due diligence has been completed with respect to ground conditions and therefore a lower contingency than that used for phase 1 is assumed.

19. A favourable net yield of 7.6% is expected to be achieved assuming a scheme cost (including land value costs) of £9.5m having regard to an assumed rental income of £787,000.

20. It is worthy of note that the Council acquired the land in 2016 at a cost per acre of £290,000. The land proposed to be developed is now considered to be worth in the region of £420,000 per acre.

21. The rent per sq. ft. compared to the most recent development phase has increased from £8 per sq. ft. to £10 per sq. ft. This should mean that the existing units are expected to achieve higher rents at rent review or at new letting/lease renewal.

22. The estimated construction costs against those achieved for the most recent phase have increased. These costs will therefore be tested by completing a competitive tender procurement exercise before it is determined whether this phase of the scheme should be progressed. This tender exercise will be based on a fixed cost to limit cost over runs. The details of in scope elements within the tender and construction contract will be carefully considered to also reduce the risk of cost over runs for the Council. If the tenders received are considered too expensive having regard to the returns required then the Council may consider alternative options.

23. Finance have completed various scenarios around the base case to highlight the sensitivity in net present value (NPV) and internal rate of return (IRR) over 20 and 25 years with a summary shown below. Under the base case assumptions, the NPV over 25 years is £1.8m and a breakeven point over 20 years. The competitive tender exercise to be undertaken will re-risk these returns estimates and only if these are shown to be at an acceptable level will this next phase of the development proceed.

	20 yrs	**25 yrs**
IRR	**6.0%**	**7.5%**
NPV	(56,468)	1,830,504

24. Finance have modelled 25 years' NPVs under the following scenarios: a reduction in gross rent from the base case and improvement in construction cost per square foot from the base case. Base case assumptions are shown in bold within the sensitivity tables below.

25. Construction costs are the highest individual cost line with the most uncertainty and as such are modelled alongside rent received. Construction costs are modelled at the base case assumption and also at incremental reductions of £5 per sq ft. Rent sensitivity is modelled given the Council's experience of phase 1 rents where some units are permanently vacant. The assumptions used for

this are the base case gross rent of £787,000, followed by reductions in 5% increments.

25-year NPV sensitivity table: Construction costs and gross rents

		Gross rent -5%, -10%, 15%			
		787,168	747,810	708,451	669,093
Construction cost (base and reduction of £5 / sq ft)	Base - £20 / sq ft	**£3151 k**	£2624 k	£2097 k	£1570 k
	Base - £15 / sq ft	**£2809 k**	£2282 k	£1755 k	£1228 k
	Base - £10 / sq ft	**£2466 k**	£1939 k	£1412 k	£885 k
	Base - £5 / sq ft	**£2124 k**	£1597 k	£1070 k	£543 k
	Base case	**£1831 k**	**£1303 k**	**£776 k**	**£249 k**

26. Under the 25-years scenarios, an improved NPV is achieved as construction costs decrease. A competitive tender process has been chosen to maximise the chance of reducing construction costs towards that the Council paid to construct phase 1 on cost per square foot basis.

Equalities and Human Rights Implications

27. There are no Equality and Human Rights Implications directly arising from this report. Implications associated with the future development of the site such as planning applications for planning permission, will be subject to Equality and Human Rights Impact Assessments, as appropriate, prior to decisions being made.

Environmental Impact

28. As this is a Council-led development, the scheme will ensure the Council's ambitions for a sustainable scheme are met where possible. This will involve ensuring the chosen construction strategy incorporates sustainable construction methods. This will involve the use of photovoltaic panels, electric car charging points, insulation and the use of best practice construction methods.

Risk Assessment

29. This is a medium-sized project that requires upfront investment in order to generate future financial returns. The risks relate to the size of the financial obligations which the Council could potentially commit to. These will include consultancy fees, infrastructure design costs, funding, timing commitments and construction costs. Inevitably all of these bring a degree of risk.

30. So that financial risk can be mitigated, and best value obtained, advice has been provided by external consultants. The scheme will be tendered and if the cost of tender returns is unacceptable, the proposed scheme may be redesigned to reduce cost.

Background Papers

Corporate Asset Investment Strategy 2021 – 2025
http://politics.leics.gov.uk/documents/s159769/Appendix%20H%20-%20CAIF%20Strategic%20Report%202021-25.pdf

Circulation under the Local Issues Alert Procedure

This report will be circulated to Mr P. Bremner CC (Market Harborough West and Foxton)

Officers to Contact

Chris Tambini, Director of Corporate Resources
Corporate Resources Department
Tel: 0116 305 6199
Email: chris.tambini@leics.gov.uk

Jon Bennett, Head of Strategic Property Services
Corporate Resources Department
Tel: 0116 305 6926
Email: jon.bennett@leics.gov.uk

Appendix

Indicative site masterplan for phase 2 of Airfield Business Park

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ELECTRONIC DATA IS NOT TO BE AMENDED/DELETED WITHOUT ISHERWOOD McCANN PERMISSION
ALL FIXINGS, TO BE DESIGNED BY APPROPRIATE SPECIALIST SUB-CONTRACTOR
DETAIL DRAWINGS AT LARGER SCALE TAKE PRECEDENCE OVER GENERAL ARRANGEMENT DRAWINGS

SCALE 1:1000 at A1

SCHEDULE OF AREAS:

PLOT H

UNIT H1(a)	222m²	2,389ft²
UNIT H1(b)	220m²	2,368ft²
UNIT H1(c)	220m²	2,368ft²
UNIT H1(d)	145m²	1,560ft²
UNIT H1(e)	145m²	1,560ft²
UNIT H1(f)	147m²	1,582ft²
UNIT H2(a)	293m²	3,153ft²
UNIT H2(b)	217m²	2,335ft²
UNIT H2(c)	217m²	2,335ft²
UNIT H2(d)	145m²	1,539ft²
UNIT H2(e)	220m²	2,368ft²
UNIT H3(a)	293m²	3,153ft²
UNIT H3(b)	217m²	2,335ft²
UNIT H3(c)	217m²	2,335ft²
UNIT H3(d)	145m²	1,539ft²
UNIT H3(e)	220m²	2,368ft²
TOTAL	3,283m²	35,287ft² (rounded)

SCHEDULE OF AREAS:

PLOT A

UNIT A1 GF	107m²	1,151ft²
UNIT A1 FF	54m²	581ft²
UNIT A2 GF	107m²	1,151ft²
UNIT A2 FF	54m²	581ft²
UNIT A3 GF	204m²	2,195ft²
UNIT A3 FF	72m²	775ft²
UNIT A4 GF	204m²	2,195ft²
UNIT A4 FF	72m²	775ft²
UNIT A5 GF	204m²	2,195ft²
UNIT A5 FF	72m²	775ft²
UNIT A6 GF	204m²	2,195ft²
UNIT A6 FF	72m²	775ft²
TOTAL	1,426m²	15,344ft² (rounded)

SCHEDULE OF AREAS:

PLOT 1

UNIT 1A	147m²	1,582ft²
UNIT 1B	145m²	1,560ft²
UNIT 1C	145m²	1,560ft²
UNIT 1D	145m²	1,560ft²
UNIT 1E	222m²	2,389ft²
TOTAL	804m²	8,654ft² (rounded)

PLOT 2

UNIT 2A	444m²	4,779ft²
UNIT 2B	440m²	4,736ft²
UNIT 2C	290m²	3,121ft²
UNIT 2D	444m²	4,779ft²
TOTAL	1,618m²	17,415ft² (rounded)

PLOT 3

UNIT 3A	930m²	10,010ft²
UNIT 3B	930m²	10,010ft²
TOTAL	1,860m²	20,020ft² (rounded)

PROJECT:	LEICESTERSHIRE COUNTY COUNCIL PROPOSED EMPLOYMENT DEVELOPMENT AIRFIELD BUSINESS PARK MARKET HARBOROUGH		
STATUS:	MASTERPLAN		
DRAWING TITLE:	MASTERPLAN 23		
DATE:	20/01/2021	DRAWN BY:	BH
SCALE:	AS NOTED AT A1	CHECKED BY:	BH
DRAWING NO:	215060-MP23	REVISION:	-

ima ARCHITECTS
Blaby Business Park, Lutterworth Road, Blaby, Leicester, LE8 4BY
0116 2781200
www.ima-architects.co.uk

Leicestershire County Council

SCRUTINY COMMISSION - 15TH MARCH 2021

2020/21 MEDIUM TERM FINANCIAL STRATEGY MONITORING (PERIOD 10)

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

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 10 (the end of January 2021).

Policy Framework and Previous Decisions

2. The 2020/21 revenue budget and the 2020/21 to 2023/24 capital programme were approved by the County Council at its budget meeting on 19th February 2020 as part of the Medium-Term Financial Strategy.

3. The four-year capital programme was reviewed in July 2020 and an updated programme approved by the Cabinet 18 September 2020

REVENUE BUDGET

4. The financial position faced by the County Council is extremely serious and challenging. The 2020-24 MTFS was balanced for 2020/21 and 2021/22, with a gap by 2023/24 of £39m. The additional pressures from Covid-19 have impacted significantly on the 2020/21 budget but government support and local actions have allowed the position to be managed. Over the medium term the position is only manageable by additional savings and increases in Council Tax. This is a particularly difficult situation for a low-funded authority such as Leicestershire as room for further savings is limited.

5. 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.

6. The difference between these three categories is not perfectly defined and can change, as Government ‘refines’ its approach to capturing information.

Uncertainties

7. The County Council faces a range of uncertainties that 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
- Capital cost uncertainty / Covid 19.

8. As such the estimated outturn position now being reported is being done so with less confidence than would usually be the case at period 10.

2020/21 REVENUE BUDGET MONITORING – PERIOD 10

9. Overall a net underspend of £4.1m is forecast. This estimate comprises net additional costs due to Covid-19 of £5.7m and non Covid-19 related underspends of £9.8m. However, it is not easy to separate out the impact accurately for a lot of services.

10. The cost control and related measures that have been introduced for the additional costs of Covid 19 are having a positive impact.

11. The position is summarised below and set out in more detail in Appendix A.

REVENUE BUDGET MONITORING STATEMENT

FOR THE PERIOD : APRIL 2020 TO JANUARY 2021

	Updated Budget £000	Projected Outturn £000	Difference from Updated Budget £000	%
Schools Budget – Schools and Early Years	0	-2,300	-2,300	
Schools Budget – High Needs	0	9,730	9,730	
Net Total	0	7,430	7,430	
Children & Family Services (Other)	82,796	87,026	4,230	5.1
Adults & Communities	150,779	157,879	7,100	4.7
Public Health	-665	-665	0	0.0
Environment & Transport	83,406	79,536	-3,870	-4.6
Chief Executives	12,268	13,778	1,510	12.3
Corporate Resources	33,749	38,499	4,750	14.1
Capital Financing	43,100	48,300	5,200	12.1
Other Areas	6,672	7,572	900	13.5
Central grants/other income	-33,241	-32,741	500	-1.5
Covid-19 grant	0	-34,500	-34,500	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
Total	389,864	381,184	-8,680	-2.2
Funding	-389,864	-385,304	4,560	-1.2
Net Total	0	-4,120	-4,120	

12. This is a significant improvement on the position reported in November (period 6). The key changes are set out in the table below:

	£m's	£m's
Period 6 Overspend		7
Reduction to estimate of net impact of Covid on Council Tax and business rates income – potential underwriting of 75% of some losses. Combined with the extension of the furlough scheme, which has significantly reduced the level of LCTS required	-10	
Net changes on departmental and central budgets	-1	
Total Change		-11
Period 10 Underspend		-4

13. The details of major variances are provided in Appendix 2. The key projected variances that have been identified are set out below.

Children and Family Services – Schools Budget

14. The High Needs element of Dedicated Schools Grant (DSG) is forecast to be £9.7m overspent at the end of 2020/21. This compares with the MTFS which included an estimate of £10.5m.

15. Nationally concern over the impact of Special Educational Needs and Disability (SEND) reform on High Needs expenditure and the financial difficulties these places on local authorities continues. The position in Leicestershire reflects the national picture.

16. The SEND capital programme is developing additional specialist places with the aim of reducing the reliance on expensive independent sector provision. During 2019/20 a number of these bases welcomed their first cohort of students, with places continuing to be filled during the 2020/21 academic year. The increase in demand, however, has resulted in these places being filled with new pupils and limited the ability to offer places to pupils currently within the independent sector. Due to set-up costs the full financial benefit of the programme will not be seen until future years.

17. The estimated accumulated High Needs deficit at the end of 2020/21 is forecast to be £16.8m.

18. The Department is implementing 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.

19. Schools growth funding has been earmarked to help meet the revenue costs associated with new schools and also for meeting the costs of some funding protection for schools with falling rolls as a result of age range change in other schools. There is a £2.6m underspend on this budget which will be transferred to the DSG earmarked fund to fund pupil growth in future years.

Children & Families – Local Authority Budget (Other)

20. The budget is forecast to be £4.2m (5.1%) overspent for the financial year, compared with a forecast at Period 6 of an overspend of £3.2m (3.8%).

21. Operational Placements - £3.2m overspend. Current projections are based on an 8% increase in Looked after Children (LAC), from the March 2020 position. Whilst the growth built into the MTFS was based on a 14% increase, there has been an increase in unit costs based on the current cohort of children and new placements coming into the system in comparison to projected unit costs made at time of the preparation of the MTFS. This has resulted in the current projected overspend position. For example, current average weekly external residential unit costs to social care is £4,000 per week compared with a £3,500 per week assumption built into the MTFS growth, an increase of 14%. This increase in average weekly cost exceeds the benefit of lower than budgeted LAC children than originally estimated.

22. Likewise, similar trends can be seen across external 16 plus and Independent Fostering Agency (IFA) placements; 16 plus current average weekly unit costs £1,500, compared with £1,000 built into MTFS assumptions, an increase of 50%. IFA current weekly average costs £810 compared with £790 built into MTFS assumptions, an increase of 3%.

23. Over the last 10 months, a number of children have required residential placements as a result of their very complex needs, subsequently leading to very high cost placements, and a subsequent driver behind the increase in current weekly unit cost. Other market factors, such as the impact of Covid-19, are also a factor in the current increased unit cost, but at this stage is more difficult to quantify the exact impact of Covid-19 on placement costs. Engagement is actively being undertaken with providers to try to understand with more certainty the current impact of the different factors driving costs.

24. Changes to case law and court directives are also having a significant adverse impact on the current budget situation. For example, regarding parent and child placements, the new standard is there must be a high standard of justification that must be shown by a local authority seeking an order for separation requires it to inform the court of all available resources that might remove the need for separation. There are a higher level and increasing number of parent-baby placements entering the system. There is no available in-house provision to meet this demand and so IFA/residential searches are required. If IFAs do not offer a placement, then the court will want to know if there are residential placement offers. An offer from a residential placement will indicate that that provision feels able to safeguard the child, keeping parent-child together and hence meeting this new court directed standard.

25. If this is a continued pattern, then depending on placement sufficiency the number of new entries potentially into residential provision, will exceed the predicted number for 2020/21, potentially 10% increase in Residential numbers compared to the projected number of residential placements built into current MTFS assumptions, hence impacting adversely on forecasted spend.

26. Children’s Social Care Staffing - £1.5m overspend. The MTFS had identified growth for the number of staff roles across various service areas based on current demand and need. A number of those roles had been filled with agency workers, given the current challenges around recruitment and retention within social care. Prior to Covid-19, plans had been in place for an intense recruitment drive and to reduce the need for agency workers. However, the current pandemic caused severe disruption to those plans and also required short term reactive measures which involved having to increase workforce capacity to allow for service continuity across statutory services. This subsequently meant such increased capacity had to be met from the agency market at an increased cost. In addition, whilst there have been positive recruitment drives for social workers, a number of new recruits are newly qualified and therefore in a lot of cases have needed to be supported by more qualified social workers in the short term, and unfortunately based on the current demand for

qualified experienced social workers, this is also having to be met from the agency market.

27. Social Care legal costs - £0.5m overspend. There has been an increased volume of new court proceeding being issued, and this trend is projected to continue for the remainder of the financial year.

28. Savings of £1.4m are forecast from vacancy management across all non-essential vacant roles. There are also savings of £0.4m on the Asylum Seekers budget, due to increased Home Office Funding rates, and savings of £0.2m on the Education Quality and Inclusion budget, due to reduction in costs due to Covid-19 and the continuation of virtual learning.

29. Supporting Leicestershire Families (SLF) - £1.1m overspend. There is ongoing uncertainty around the continuation of government grant funding for this service. The Spending Review only announced the continuation of the Troubled Families grant (TFG) funding for one year only, 2021/22. To avoid the potential detrimental impact on the service and given the overall net projected underspend for 2020/21, the planned contribution from the SLF earmarked fund for 2020/21 can be removed, leaving a higher fund balance to offset the potential removal of TFG funding in 2022/23.

<u>Adults and Communities</u>

30. A net overspend of £7.1m (4.7%) is forecast for the revenue budget for 2020/21, compared with a forecast net overspend of £6m (4%) at Period 6. The change from Period 6 is mainly due to reduced forecasts on Adult Social care service user income relating to Covid 19 discharges from hospitals. It was forecast that non-chargeable service user numbers would decrease from September 2020 onwards, however this is yet to fully materialise. All service users who have been discharged from hospital are being reviewed for any ongoing needs and to restart charging where appropriate. This is a considerable amount of additional work at an extremely busy time due to Covid. Other changes include, reduced income from services funded by the NHS and loss of income in Communities and Wellbeing services, including adult learning funding.

31. There has been a significant financial impact due to Covid-19 on adult social care which includes making additional payments in the region of £29.7m to care providers to cover additional costs (£3m), assistance with cashflow (£11m) which will need to be repaid by providers, passporting the Infection Control Fund Grant (£12.8m), Rapid Testing Grant (£1.7m) and Workforce Capacity Grant (£1.2m).

32. Other additional Covid-19 expenditure of £3.2m includes supporting shielding, PPE purchases for council services, supporting the management of Covid-19 and food packages for service users being discharged from hospital.

33. These and other additional service user costs (including loss of income) are offset by income of approximately £16m from the NHS to support service users being

discharged from hospital and a £3m underspend on staffing, overhead and other budgets mainly due to managing levels of staffing vacancies across the department.

34. The level of demand from service users for commissioned services is constantly changing with lower numbers for some services and increased costs. As the approach to Covid-19 management changes nationally, the NHS is changing the current basis of arrangements for those being discharged from hospital from 1st September with only the first 6 weeks of reablement care being funded. The impact of all of these changes are being monitored and is making accurate forecasting of demand for commissioned services very challenging.

Public Health

35. The department is on budget, compared with a net underspending of £0.1m at Period 6. There are net underspends of £1.1m mainly due to reduced demand for sexual health services (£0.9m) and reducing numbers of health checks to a targeted provision (£0.4m), offset by reduction in contributions (£0.2m). The net underspend will be contributed to the Public Health earmarked fund.

Environment and Transport

36. The department is forecasting a net underspend of £3.9m (4.6%), compared with the balanced position forecast at Period 6. The main changes since Period 6 relate to Transport budgets, where Covid-19 has impacted on the levels of services required.

37. The main underspend is on the Highways Design and Delivery budget (£1.6m). This is related to additional recharges to capital due to additional monies received for 3 schemes, and to vacant posts. Due to Covid-19 recruitment has been slowed and full recruitment for services may be impacted for the whole year, offset by additional spend relating to agency staff.

38. Transport budgets show a net underspend of £1.8m, including underspends of £0.8m on SEN Transport, £0.4m on Social Care Transport, £0.3m on Mainstream School Transport and £0.3m on Fleet Transport, mainly due to the reduction of services during the Covid-19 pandemic.

39. Waste Management shows a net forecast underspend of £50,000. The impact of Covid-19 leads to forecast overspends of £1.2m on Landfill and £0.2m on Dry Recycling, but these are offset by underspends including £0.4m on Treatment Contracts, £0.3m on commissioning initiatives, £0.2m on staffing and administration, due to staff vacancies, £0.2m on the haulage and waste transfer budget and £0.2m on composting contracts.

Chief Executives

40. The department is overspending by £1.5m (12.3%), which is unchanged from the forecast at Period 6. The overspend is mainly due to the Covid-19 Community Grant (£1.7m).

Corporate Resources

41. Overall the department is forecasting a net overspend of £4.8m (14.1%), compared with a forecast overspend of £8.0m (23.6%) at Period 6. The main changes are the inclusion of additional income from the Sales, Fees and Charges compensation scheme, and an increased estimate for Furlough income following the extension to the scheme.

42. There is a forecast overspend of £2.3m on the Information and Technology budget, due to additional spending on hardware and software to support the increase in homeworking during the Covid-19 lockdown.

43. There is a net £2.2m forecast overspend on Commercial Services, primarily related to Covid-19. Commercial Services faced significant challenges during 2019/20 resulting in a £2.6m budget overspend. Difficult trading conditions continue and have been seriously compounded by the lockdown forcing the scaling back or temporary closure of a number of commercial services, primarily school food. Options are being developed to address continuing operational losses and develop an optimum portfolio of commercially sustainable services going into 2021/22. This may result in some services discontinuing. The forecast includes estimates of £2.2m furlough income and £1.6m of Sales, Fees and Charges compensation income from MHCLG.

44. There is a forecast reduction in income in 2020/21 of £1m on the Corporate Asset Investment Fund, due to new developments at Airfield Farm and Loughborough University Science Park being delayed by Covid-19, impacting on rental income. This will recover in 2021/22.

45. Forecast underspends include £0.5m on Strategic Property Staffing arising from a delay due to Covid-19 in recruitment to vacant posts following a staffing review, and £0.3m on Learning and Development, as a result of a reduction in face to face courses due to the Covid-19 lockdown.

Central Contingencies / Central Items

46. The inflation contingency of £16.2m is projected to be overspent by £1m. Transfers of £14.1m have been made to date, including £6.2m on the Adults and Communities budget which mostly relates to the Adult Social Care fee review and £5.8m for the 2020/21 pay award and an increase to the employer pension contribution rate. Other pressures still to be met from the contingency include energy, insurance, IT and other budgets.

47. Revenue Funding of Capital – additional costs of £5.4m. This includes an estimate of £4.4m to cover the shortfall on estimated capital receipts (see later in the report –

these are expected to be repaid but multiple years delays), and £1m for forecast overspends due to Covid-19 on the capital programme.

48. Central Grants and Other Income - £0.5m overspend mainly due to a £1m reduction in interest earned on cash balances offset by interest received on the maturity of the first tranche of repayments on the private debt investments. In March 2020 the Bank of England announced two emergency cuts in interest rates in response to the financial impact of the coronavirus outbreak. The base rate was cut from 0.75% to 0.25% on 11 March, and then to 0.1% on 19 March.

49. At this stage the MTFS risk contingency of £4m is forecast to be required. However, given the continued uncertainty regarding Covid, particularly Government funding this contingency will be added to the covid budget.

Central Costs of Covid 19 / EU exit

50. Given the significant uncertainty in the current financial year, provision of £5.5m has been made. This is for potential additional costs related to Covid-19 that have not all yet been incurred as the Council approaches the last quarter of the year and the impact of the current national lockdown. The provision also covers further uncertainty arising from the exit from the European Union. The primary use to date is provision will also be used for the additional costs of the fit for the future project (£1.5m) caused by the delay to the planned go live from April 2020 and Transformation Unit work supporting Covid related work which was funded from a mix of departmental spend and the transformation earmarked fund, allowing that fund to be maintained. The Transformation earmarked fund will also need to be supplemented to reflect the delay in savings programmers and the additional requirements covered in the MTFS

51. The County Council's precepts for Business Rates and Council Tax are due to be collected in full during 2020/21. However, it is anticipated that the actual amounts of both income streams that will be received by the district councils during 2020/21 will be impacted by Covid-19 from a rise in unemployment, reduced numbers of new properties and businesses unable to pay business rates. An initial estimated loss of £15m had been calculated at period 6 based on an overall reduction of 5% which will impact on the income available to the County Council when setting future years' budgets. Since then the government have announced that Councils will be compensated for up to 75% of council tax and business rates income lost as a result of the pandemic. In addition, the government has extended the furlough scheme from the original end date of 31st October to the end of April 2021 which reduces the estimated income loss, but detrimental impact in future years is expected. This results in an updated estimated provision of around £5m. As this relates to 2020/21, it is prudent to set aside this funding in this year to offset the anticipated future impact.

Covid-19 Grants

52. The County Council has received four tranches of Covid-19 general grant from the Government, totaling £34.5m (or on average 0.75%) out of a national total of £4.6bn.

53. The County Council has continued to make claims from the Government's furlough scheme. An estimated benefit of £3m has been included in the latest monitoring. The position will not be confirmed until the scheme ends in April due to the timing of service opening and HMRC's retrospective auditing of the scheme.

Business Rates

54. The provisional outturn position of the 2019/20 Leicester and Leicestershire Business Rates Pool is for a levy surplus of £10.6m and the 75% Business Rates Pilot is projected to show a net gain of £17.1m, of which £8.5m relates to the County Council. The final position on both issues is subject to the completion of the external audits on each billing authority's Business Rates returns to MHCLG. The audit process has been significantly impacted by Covid-19 and the majority of returns are still to be signed off.

55. Monitoring of the 2020/21 Pool is underway. Initial indications are that the Pool levy surplus will continue but is likely to be significantly reduced, due largely to the impacts of Covid-19.

Overall Revenue Summary

56. There is a forecast net underspend of £4.1m, but there remain a number of uncertainties in trying to fully assess the ongoing impact of the pandemic.

57. At this stage it is anticipated that the underspend will be used to reduce the amount of borrowing required for the 2021-25 capital programme, £143m included in the new MTFS. The approach will be kept under review for uncertainties arising from Covid that may require additional funding, the increase in demand for capital funding on the future developments programme and investment in transformation activity to support delivery of MTFS savings

CAPITAL PROGRAMME

58. The updated capital programme for 2020/21 totals £152m. This follows a review of the programme undertaken in July 2020 and approved by the Cabinet in September 2020.

	Revised Capital Programme £000	Changes in Funding 2020/21 £000	Updated Budget 2020/21 £000	Forecast Spend 2020/21 £000	Updated Budget v Forecast Variance £000

Children & Family Services*	35,177	476	35,653	24,251	-11,402
Adults and Communities	9,626	0	9,626	9,977	351
Environment & Transport	62,766	573	63,339	53,199	-10,140
Chief Executive's	890	0	890	544	-346
Corporate Resources	12,381	0	12,381	5,521	-6,860
Corporate Programme	30,388	0	30,388	24,386	-6,002
Total	**151,228**	**1,049**	**152,277**	**117,878**	**-34,399**

*Excludes Schools Devolved Formula Capital

59. The latest position at period 10 reports net slippage of £34m. Details of the variances are provided in Appendix C. The main variances are reported below:

60. Children and Family Services, overall net variance of £11.4m:

- Provision of Additional School Places - £8.0m slippage due to:
  - Shepshed School Places - Slippage of £2.7m - complex scheme involving several parties and sub-projects including the refurbishment of the former Hind Leys and Shepshed High School buildings to create a single high school building and a separate primary provision.
  - Fleckney Primary School - Slippage of £1.5m as a Multi Academy Trust that already has a number of primary schools in the area has applied to the DfE to open a primary Free School in the area.
  - Ashby Secondary Places - Slippage of £1.2m. Delay to scheme due to Secondary schools in the Ashby area are currently implementing age range change - the last area of Leicestershire to do so. This transition time adds a further level of complexity over where and when additional secondary places are required.
  - The 20/21 programme included £1.1m of S106 developer contributions for the creation of secondary places in the Coalville area. It was initially agreed that this would be used towards a new building at Newbridge High School part of the Apollo Multi-Academy Trust. However Apollo decided to enter into a lease with the developer, instead of purchasing the building outright. S106 contributions cannot be used to fund lease payments.
  - Rothley Primary School - Slippage of £1.0m as Charnwood Borough Council has refused the planning application, citing issues with the settlement boundary, the lack of demonstration of a housing need, and being contrary to the Charnwood Local Plan.

- SEND Programme - £1.4m slippage due to:
  - Short Stay South - Slippage of £0.7m the existing short stay provision was split into a North and South provision at two separate locations in the county. A number of sites are under consideration.

  - Hinckley Area SEMH Unit - Slippage of £0.3m. A number of potential sites have been explored for this unit. Further discussions are now underway with Heathfields academy.
- Strategic Capital Maintenance - £1,0m slippage. In the summer the government announced further funding of £1.1m. This funding will be used towards much needed capital maintenance works to existing buildings on the Iveshead site at Shepshed. However, the timeline of works is very much dependent on the timeline of the 'Shepshed Masterplan'.
- Assessment & Residential Multi-functional properties - £0.9m slippage due to delays in finding and/or acquiring suitable properties for conversion.

61. Adults and Communities, overall net variance of £0.4m.
    - Brookfields Supported Living Scheme (Refurbishment) - £0.2m additional costs incurred due to meeting the physical needs of a specific service user and to facilitate the independent living environment in a safe and secure way.
    - Loughborough, Ashby Court, Social Care Investment Plan (SCIP), refurbishment incurred additional costs of £0.2m to complete the scheme.
    - The additional costs to be funded from the balance of the SCIP allocation in the 2021/22 capital programme.

62. Environment and Transport, overall net variance of £10.1m:
    - Transport Asset Management – Highways Maintenance Schemes - £2.6m Slippage due to challenge fund grant being provided mid-year and whilst all efforts were made to complete these schemes before the year end. It is now likely completion will not be until early 2021/22 in addition due to traffic concerns at the East Midlands Airport from the effects of Brexit a programme near this area had to be postponed.
    - A511 / A50 Major Road Network - £1.7m slippage due to a number of activities which were expected earlier this year, having to be delayed due to Covid-19. This affected getting the contractors on board for programme.
    - County Council Vehicle Replacement Programme - £1.4m slippage due to a process being reviewed with consultants under Fleet Management Review project, therefore the only plans this year is to replace essential vehicles.
    - Advanced Design - £0.7m slippage due to reprioritisation of works and when monies will be spent, this has meant that some of the works will now not be required this year.
    - Waste Transfer Station Development - £0.6m slippage due to construction not starting until 2021/22 so that detailed pre-construction works can be completed in 2020/21.
    - Kibworth Site Redevelopment - £0.5m slippage due to construction not starting until 2021/22 so that detailed pre-construction works can be completed in 2020/21.
    - Hinckley Hub (Hawley Road) - £0.5m slippage due to delays with Covid 19 restrictions, with completing trial holes which are needed to be undertaken before construction work and finalising the land purchase.
    - M1 Junction 20A - Advanced Design - £0.5m. Slippage relates to the works with District Council taking longer than anticipated.

- Melton Mowbray Distributor Road - North and East Section, £0.4m. Slippage due to design works not progressing as quickly as anticipated and survey works being slowed due to adverse weather conditions.
- A46 Anstey Lane - £0.3m slippage. Works completed in July 2020. Slippage due to remedial works that will need completing over the next 12 months.
- Zouch Bridge Replacement - £0.3m. Slippage due to revaluation of the best outcomes for the programme and best value for money options which will lead to a tender process.

63. M1 Junction 23 / A512 Improvement Scheme is forecast to overspend in 2021/22. The current overall budget provision is £25.6m, the latest estimate of overall cost is £27.9m. The main reasons for the increase relate to:
    - Compensation Events: improvements to slip road increasing cost due in part to Highways England request for high specification materials to address accident concerns above original allocation;
    - Extension of Time to original programme resulting in additional costs associated with a longer programme. This arose from delays in reaching necessary legal agreements for land access and the ‘knock on’ impacts amended drainage designs and new permanent electrical connection
    - Additional design fees; complex legal negotiations requiring higher than average commitment of staff time and delays to the scheme increasing programme length, and additional scope such as work at Charley crossroads to manage safety for diverting vehicles, additional works at Biffa, redesign costs for events such as the Severn Trent works and changes in programme and working practices associated with Covid.

64. The scheme is currently scheduled for completion in May 2021. The principle of the Council’s delivery of the scheme was based on the forward funding of developer contributions to reduce the impact on local communities and support planned development. Through the Charnwood Core Strategy and supporting evidence it was identified that levels of developments in Loughborough and Shepshed either side of the M1 J23 were dependent on the scheme to ensure sustainable development. Therefore, contributions from relevant developments will continue to be sought through the planning process to fund the elements of the scheme being forward funded by the County Council.

65. It is proposed that the additional forward funding requirement would be met by a reallocation of the capital programme in 2021/22 until such time developer contributions can be secured. This would be met by the reallocation of up £1.6m Advanced Design, and £0.7m, Maintenance element of the Transport Asset Management programme, because improvements as a result of the scheme (2km of carriageway and footway/cycleway, traffic signals, signs, lines and barrier replacement) have reduced annual maintenance demand along the corridor in the shorter term. The position will be included in the MTFS outturn report to the Cabinet.

66. Chief Executive’s, overall net variance of £0.3m. Rural Broadband Scheme Phase 3. There has been a 4 month delay in the programme, mainly due to the impact of

Covid-19. The contractor is now progressing with the delivery of the contract milestones, some of which will be delivered in 2021/22.

67. Corporate Resources, overall net slippage of £6.9m:
- Snibston Future Strategy - Remedial works for the area of the site earmarked for housing and the related covenant, slippage of £2.6m. There has been a speculative interest in acquiring this site and the decision has been made to remarket the site for sale on the open market.
- Melton, Sysonby Farm Development - site preparation and infrastructure works, £1.5m slippage. The programme includes Homes England grant funding of £1.9m. Following a review of the Homes England grant conditions which imposed a requirement to pay Homes England a larger proportion of future receipts from the sale of the site than what could be achieved if the Council funded the works and sold it itself, it was agreed not to accept the grant offer. The grant funding has now been removed and replaced with an increased estimate of future capital receipts. Developer to complete enabling works at their cost.
- Workplace Strategy, slippage of £0.6m. Works at Pennine House and the Library at Loughborough have slipped to 2021/22 subject to board approval of the contract.
- Energy Strategy, slippage of £0.9m. Projects have been put on hold while waiting for outcome regarding Government funding before using County Council money. Also planned works put on hold to await the outcome of the Ways of Working strategy and changes to the County Council estate due to Covid-19 site closures.
- Watermead Park Footbridge and Cycleway, slippage of £0.5m. Joint project with Leicester City Council requiring agreement with a third-party landowner. The scheme has been put on hold pending further discussions.

68. Corporate Programme, overall net slippage of £6.0m.
- Future Developments – slippage of £6.5m. Projects not sufficiently advanced to require funding in this financial year.
- CAIF – Airfield Business Park Phase 1/2. Forecast slippage of £0.4m. Tender completed which resulted in only two contractors tendering significantly in excess of the budget and a further procurement exercise will need to take place.
- CAIF – Loughborough University Science and Enterprise Park, development of an office block plus car parking spaces. Forecast overspend of £0.3m relating to additional costs incurred by the contractor due to Covid-19 working guidelines. Site completed and handed over to tenant in November 2020.

<u>Capital Receipts</u>

69. The requirement for capital receipts for 2020/21 is £6.4m. The latest forecast of receipts is £2m, a shortfall of £4.4m. The shortfall is mainly due to a delay with one large planned sale (Snibston) and £1.9m from the future sale of Melton Sysonby Farm mentioned above. These receipts are still expected to be received but will be

delayed over multiple years. A contribution from the revenue budget will be made in 2020/21 to cover the shortfall.

Corporate Asset Investment Fund

70. A summary of the Corporate Asset Investment Fund (CAIF) position as at quarter 3 for 2020/21 is set out in the table below. Overall the fund is forecasting to achieve a 2.8% net income return for 2020/21. If the development classification was excluded, the return would increase to 4.6%. Due to the delays in the completion of some schemes in the programme and forecast reductions in income on pooled property and private debt for 2020/21 (expected to recover in 2021/22) this will leave a shortfall of around £1m compared with original plans. This will be assessed at year end to see if it can be replenished.

71. 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 show 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.

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	1,294	1,828	6.7%
Industrial	12,419	54	450	1,032	8.3%
Distribution	456	0	5	23	5.0%
Development	58,780	16,440	-5	-68	-0.1%
Rural	22,522	150	318	475	2.1%
Other	4,413	0	129	219	5.0%
Pooled Property	24,849	0	570	750	3.0%
Private Debt	20,276	-2,191	376	750	3.9%
TOTAL	**170,875**	**16,643**	**3,137**	**5,008**	**2.8%**

72. The Council's exposure to the distribution sector is relatively 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.

73. 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, to support the underlying businesses. 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.

74. A total of £2.2m in private debt principal has been repaid in 2020/21 in line with the original 5 year repayment terms. The investment is accounted for as a Treasury Management activity and will increase overall cash balances.

75. 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.

Recommendation

76. The Scrutiny Commission is asked to note the contents of this report.

Background Papers

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

Report to Cabinet – 18 September 2020 – Medium Term Financial Strategy Latest Position
http://politics.leics.gov.uk/documents/s155524/MTFS%20Latest%20Position%20FINAL.pdf

Circulation under the Local Issues Alert Procedure

None.

Equality and Human Rights Implications

There are no direct implications arising from this report.

Appendices

Appendix A: Revenue Position as at Period 6
Appendix B: Revenue Budget Major Variances
Appendix C: Capital Programme Major Variances and Funding Changes

Officers to Contact

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

Mr D Keegan, Assistant Director (Strategic Finance and Property),
Corporate Resources Department,

☎0116 305 7668   E-mail Declan.Keegan@leics.gov.uk

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APPENDIX A

REVENUE BUDGET MONITORING STATEMENT 2020/21
(AS AT PERIOD 10)

	Updated Budget	Projected Outturn	Difference from Updated Budget		
	£000	£000	£000	%	
Schools Budget					
Schools	72,872	70,252	-2,620	-3.6	
Early Years	34,974	35,294	320	0.9	
DSG Funding	-107,846	-107,846	0	0.0	
	0	-2,300	-2,300		
Earmarked fund - start of year			*-3,040*		
Earmarked fund - end of year			*-5,340*		
High Needs	73,256	82,986	9,730	13.3	
Dedicated Schools Grant (DSG)	-73,256	-73,256	0	0.0	
	0	9,730	9,730		
Earmarked fund - start of year			*7,090*		
Earmarked fund - end of year			*16,820*		
LA Budget					
Children & Family Services (Other)	82,796	87,026	4,230	5.1	RED
Adults & Communities	150,779	157,879	7,100	4.7	RED
Public Health *	-665	-665	0	n/a	GREEN
Environment & Transport	83,406	79,536	-3,870	-4.6	GREEN
Chief Executives	12,268	13,778	1,510	12.3	RED
Corporate Resources	33,749	38,499	4,750	14.1	RED
DSG (Central Dept. recharges)	-2,285	-2,285	0	0.0	GREEN
MTFS risks contingency	4,000	4,000	0	0.0	GREEN
Contingency for Inflation	2,234	3,234	1,000	44.8	GREEN
Total Services	366,282	381,002	14,720	4.0	
Central Items					
Financing of Capital	19,200	19,000	-200	-1.0	GREEN
Revenue funding of capital	23,900	29,300	5,400	22.6	RED
Central Expenditure	2,723	2,623	-100	-3.7	GREEN
Central Grants and Other Income	-33,241	-32,741	500	-1.5	AMBER
Total Central Items	12,582	18,182	5,600	44.5	
Contribution to General Fund	11,000	11,000	0	0.0	GREEN
Central Costs of Covid-19/ EU Exit	0	5,500	5,500	n/a	RED
Total Spending	389,864	415,684	25,820	6.6	
Funding					
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	-314,350	5,000	-1.6	AMBER
Total Funding	-389,864	-385,304	4,560	-1.2	
Covid-19 General Grants	0	-34,500	-34,500		GREEN
Net Total	0	-4,120	-4,120		

* Public Health funded by Grant (£25.2m)

Underspending / on budget	GREEN
Overspending of 2% or less	AMBER
Overspending of more than 2%	RED

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APPENDIX B

Revenue Budget 2020/21 – forecast main variances

Children and Family Services

Dedicated Schools Grant

A net overspend of £7.4m is forecast. The main variances are:

	£000	% of Budget
DSG High Needs Block (HNB) earmarked fund drawdown	**9,600**	**n/a**
Budget included an estimated HNB drawdown of £9.6m as the planned in year overspend.		
Special Educational Needs and Disabilities (SEND)	**925**	**1%**
The SEND Capital Programme is developing new resource bases with the aim of reducing the reliance on expensive independent sector places. During 19/20 a number of these bases welcomed their first cohort of students, with more places forecast to be filled during the 20/21 academic year. The increase in demand however has resulted in these places being filled with new demand as opposed to having the desired impact on existing numbers. Due to set-up costs the full effect of the programme won't be seen until future years. Additionally, the numbers of pupils in mainstream settings that receive top-up funding is rising rapidly.		
Early Years / Nursery Education Funding	**320**	**1.0%**
The DfE are continuing to pay nursery grant for Autumn 2020 at pre-Covid levels. Providers have been paid in Autumn 2020 based on the number of children in Autumn 2019, if they suffered a drop in numbers in 2020 due to Covid. This has led to an increased overall cost. The balance in the Early Years element of the DSG Reserve was £176k deficit as at 1st April 2020, so an in-year deficit of £319k would leave a potential balance of £495k deficit.		
Schools Growth	**-2,555**	**-83%**
This funding has been earmarked to help meet the revenue costs associated with new schools and also for meeting the costs of some funding protection for schools with falling rolls as a result of age range change in other schools. The underspend will be transferred to the DSG earmarked fund to fund pupil growth in future years.		
High Needs Block Development / Inclusion Partnerships	**-390**	**-28%**
The High Needs Recovery Plan included the further development of 4 inclusion projects by the Secondary Education Inclusion Partnerships (SEIP's) which as a result of a change to the approach to inclusion, will now not be progressed.		
Education of Children with Medical Needs (CMN)	**-260**	**-47%**
Following implementation of the Inclusion Service Review Action Plan, Case reviews have decreased the numbers of young people in the system who are supported back into education at an earlier stage. The projected underspend is also due to the recoupment of funding from schools for CMN placements.		
Specialist Services to Vulnerable Groups	**-125**	**-5%**
The Specialist Teaching Service is forecast to underspend primarily due to the restructure of the Autism Outreach offer. The savings this has created has enabled the service to meet its own savings target, plus this further underspend.		
Education Sufficiency / Schools Admissions	**-70**	**-11%**
Services have not been running at full capacity due to Covid-19 restrictions.		
Other variances	**-15**	**n/a**
TOTAL	**7,430**	**n/a**

Local Authority Budget

The Local authority budget is forecast to overspend by £4.2m (5.1%). The main variances are:

	£000	% of Budget
Operational Placements	**3,175**	**10%**
Current projections are based on a 8% LAC (Looked after Children) increase from March 20 position. Whilst MTFS growth was based on a 14% increase, there has been an increase in unit costs based on the current cohort of children and new placements coming into system in comparison to projected unit costs made at time of MTFS submission. This has resulted in the current projected overspend position. For example current average weekly External Residential Unit costs to social care is £4,100 p/w (£3,500 p/w assumption built into MTFS growth - 17% increase). Similar trends across external 16 plus and IFA placements. 16plus current average weekly unit costs £1,500 vs £1,000 built into MTFS assumptions - 50% increase. IFA current weekly average costs £ 810 vs £790 built into MTFS assumptions - 3% increase. Over the last 10 months, a number of children have required residential placements as result of their very complex needs, and subsequently led to very high cost placements. This helps further explain the reason why the average unit costs have increased above initial projected levels as per the MTFS. In addition, during mid financial year, we have seen a direct impact of changes to case law and practice in regards to parent and child placements, and as a result have a direct impact on the projected budget position for this financial year. For example, the new standard is there must be a high standard of justification that must be shown by a local authority seeking an order for separation requires it to inform the court of all available resources that might remove the need for separation. Because of this, and at the same time seeing a higher level and increasing number of parent-baby placements enter the system (In July – 6 new requests for parent-baby placements - potentially linked to the impact Covid-19 as a potential factor behind this increase although difficult to validate at this current stage). The current position is there is no available in house provision to meet this demand and so IFA/residential searches are required. If IFAs do not offer a placement, then the court will want to know if there are residential placement offers. An offer from a residential placement will indicate that that provision feels able to safeguard the child, keeping parent-child together and hence meeting this new court directed standard. If this is a continued pattern/trend, then the number of new entries into residential will exceed the predicted number for 2020/21 (potentially 10% increase in Residential numbers compared to the projected number of residential placements built into current MTFS assumptions), hence impacting adversely on forecasted spend.		
Children's Social Care Staffing	**1,490**	**7%**
The MTFS had identified a growth for number of staff roles across various service areas based on current demand and need. A number of those roles had been filled with agency workers, given the current challenges around recruitment and retention within social care. Prior to Covid 19, plans has been in place for a intense recruitment drive and plan to reduce the need for agency workers. However, the current pandemic caused severe disruption to those plans, and not only did short term reactive measures which involved having to increase workforce capacity to allow for service continuity across our statutory services, it subsequently also meant such increased capacity had to be met from the agency market at an increased cost. In addition, whilst we have seen positive recruitment drives for social workers, a number of new recruits are newly qualified and therefore in a lot cases have needed to be supported by more qualified social workers in the short term, and unfortunately based on the current demand for qualified experienced social workers, this is having to be met from the agency market.		
Social Care Legal Costs	**510**	**45%**
Overspend due to increased volume of new court proceeding being issued, with this trend projected to continue for the remainder of the financial year.		
Supporting Leicestershire Families	**1,100**	**n/a**
2020 Spending Review only announced the continuation of Troubled Families grant (TFG) funding for 21/22. Given the overall net projected underspend for 20/21, the planned contribution from the SLF earmarked fund for 20/21 can be removed, giving a higher fund balance to offset the potential removal of TFG funding in 22/23.		

Vacancy Management across all non essential vacant roles	**-1,360**	**-14%**
A planned and measured vacancy management process is in place across service areas for all non critical and essential job roles. This directive is in response to the financial pressures across social care and minimise the risk of incurring any non essential spend for the remainder of this financial year. Such measures will be under continual review to ensure impact on service delivery is kept to a minimum.		
Asylum Seekers Budget	**-380**	**-26%**
Increased Home Office Funding rates for this financial year has resulted in a reduced financial pressure on this budget compared to what has been projected when budget was set.		
Education Quality and Inclusion	**-160**	**-12%**
Reduction of costs due to Covid-19 and the continuation of virtual learning.		
Other variances	**-145**	**n/a**
TOTAL	**4,230**	**n/a**

Adults & Communities

The Department has a net overspend of £7.1m (4.7%). The main variances are:

	£000	**% of Budget**
Homecare	**3,395**	**16%**
There is an overspend due to the costs of Covid-19 hospital discharge patients estimated at £4.1m; provider Covid-19 support payments of £1.3m ,IPCF grant costs of £2.8m and increased costs of service users £2.0m. IPCF grant income and NHS Discharge Fund (£6.9m) will net off most of this element of the overspend Additional impact of April 20 contract inflation estimated at £600k and an increase in the number of service users is also included in the overspend. The forecast for Home Care is based on an average service user number over the year of 2,130 at an average weekly cost per person of £240.		
Additional Other COVID costs	**2,545**	**n/a**
Additional Covid-19 expenditure includes additional provider payments to be recovered, £300k on supporting shielding, £550k PPE purchases for all council services, £250k on supporting management of Covid-19, £50k food packages for service users being discharged from hospital and £25k additional accommodation. This is partially offset by infection control grant income of £600k.		
Community income	**3,325**	**17%**
As a result of Covid-19 the decline in the chargeable number of service users is approximately 400 service users who usually provide approx £84/week of income, therefore the loss of income is forecast to be £1.7m at this stage. It is expected that the number of chargeable service users will increase over time as the effect of Covid-19 and social distancing diminish, however this is yet to be observed. Health recharges for Home Care are £600k lower than budgeted which is due to falling service user numbers with CHC (Continuing Heath Care) funding likely to be due to new cases being eligible for recharge against the Covid-19 health funding . Agency income for Supported Living of £600k will not be achieved, however this should be compensated for by an equivalent saving on expenditure. The LD Pool income for non-residential service users is below budget by £350k as service user numbers are reducing. The remaining loss is due to other Covid-19 related changes.		
Residential Care and Nursing	**1,605**	**2%**
The net forecast overspend of £1.6m arises from several areas. Firstly, anticipated additional payment costs to providers of approximately £3m (including £1m of additional annual inflation to fees), additional service users costs £6m due to Covid-19, payment for Infection Protection Control Grant of £8.8m, payment of Rapid Test Grant £1.66m, payment of Workforce Capacity Grant £1.2m and loss of Income as a result of Covid-19 due to the decline in the chargeable number of service users (£4.69m) These additional costs will be offset by anticipated additional income in the region of £12m from the NHS discharge Covid-19 fund, £8.8m from the Infection Control Fund Grant, £1.66m from Rapid Test and Workforce Capacity Grant. There are currently an average of 2,400 service users with an average gross care package cost of £817per week .		
Communities and Wellbeing	**380**	**7%**
Overspend mainly relates to reduction of income due to Libraries, Museums and Heritage sites being closed as a result of Covid-19 £250k and £121k related to Adult Learning services.		
Care Pathway East- Older Adults Team	**130**	**5%**

Overspend relates to market premia, agency cost and additional staffing cost for Help with the Recovery and vacancies and "business as usual" planning.		
Reablement (HART) & Crisis Response	**-1,135**	**-23%**
Underspend due to staffing vacancies and challenges recruiting during COVID. It is expected that additional resources will be recruited to as part of the Target Operating Model (TOM) work to encourage the transfer of volumes out of HTLAH reablement into HART and this work is currently in progress		
Better Care Fund Contribution	**-930**	**-5%**
Additional BCF funding was agreed during the year for social care protection and other schemes.		
Community Life Choices (CLC) commissioned services	**-670**	**-12%**
Underspend following lockdown and the closure of CLC bases within the independent sector and service users either receiving no service or a vastly reduced service. Discussions are ongoing on a potential new CLC framework over the Covid-19 period.		
Supported Living, Residential and Short Breaks	**-595**	**-12%**
Underspend from closure of Residential and Short Break bases following lockdown and the vacancies that are being held pending an action plan		
Community Life Choices / Day Services Team	**-510**	**-20%**
Underspend from closure of Community Life Choices bases following lockdown and the vacancies that are being held pending an action plan.		
Aids, Adaptations and Assistive Technology	**-170**	**10%**
Underspend on equipment and reduced commissioning of works due to Covid-19. Expected to return to normal following lockdown period.		
Care Pathway West- Working Age Adults Team	**-155**	**5%**
Underspend from temporary staffing vacancies.		
Care Pathway East- Review	**-145**	**-10%**
Underspend from temporary staffing vacancies.		
Business Support	**-120**	**6%**
Underspend from temporary staffing vacancies.		
Care Pathway West- Head of Service/Review	**-110**	**n/a**
Underspend from temporary staffing vacancies and reviews.		
Other variances (under £100k)	**260**	**n/a**
TOTAL	**7,100**	**n/a**

Public Health

The Department is forecasted to be on budget. The main variances are:

	£000	% of Budget
Public Health Earmarked Fund	**1,170**	**n/a**
Net underspend on Public Health budgets to be offset by a contribution to the Public Health earmarked fund. Uncertainties on future grants and Covid.		
Public Health Leadership	**210**	**-1%**
Forecast transfer from earmarked funds removed from forecast as Public Health are showing an overall underspend within the Department. Additionally, the UHL PH provision will not be received (+£100k).		
Sexual Health	**-940**	**-23%**
This is a demand led service that has seen a significant lack of activity due to the Covid-19 pandemic, which has been further restricted due to the continued local/national lockdown.		
NHS Health Check Programme	**-395**	**-78%**
Activity for this service is significantly reduced due to the prioritisation of Covid-19 vaccine delivery. Non-essential face to face appointments have reduced and there is little expectation of activity increasing before year-end.		
Programme Delivery	**-105**	**-15%**
Due to Covid-19, Time4Leicestershire was put on hold.		
Weight Management Service	**-80**	**-23%**
The variance is due to a -£30k underspend on staffing and -£41k relating to Weight Watchers licences as the original estimate for these was in excess of the actual charge.		
Quit Ready	**-70**	**-23%**
Staffing underspend of -£12k and reduced activity has resulted in -£59k underspend on running costs.		
Other variances	**210**	**n/a**

TOTAL	**0**	**n/a**

Environment and Transport

The Department is forecasting a net underspend of £3.9m (4.6%). The main variances are:

	£000	% of Budget
Landfill	**1,155**	**10%**
Forecasting overspend due to increased tonnage due to Covid19 as people stay at home. This is partially offset by tonnage reductions on Treatment Contracts due to lower tonnages at Recycling and Household Waste Sites.		
Winter Maintenance	**470**	**29%**
Overspend due to the winter maintenance budget being allocated for a mild winter and due to recent cold weather the gritters have had to be used more frequently that budgeted for. In addition the service had to do more salting of paths which is more resource intensive due to Covid-19.		
Dry Recycling	**215**	**11%**
Forecast overspend due to increased tonnages of kerbside dry recycling materials (card, glass, paper, cans and plastic bottles) as a result of more food being consumed at home during the Covid19 lockdown period.		
Concessionary Travel & Joint Arrangements	**100**	**2%**
Concessionary travel reimbursements are being made at 2019/20 levels in 2020/21 despite much lower bus pass usage due to Covid-19. Central government strongly urged all local authorities to follow this policy to support the bus market during the pandemic. This will result in a £50k overspend as spend levels in 2019/20 were higher than the 2020/21 budget. Forecast also includes potential overspend of £50k due to anticipated additional concessionary travel reimbursements costs. These estimated costs have arisen following a review of the methodology for making concessionary travel reimbursements as requested by the DfT. This review considered the way in which bus routes are split between rural and non-rural journeys. Further work still needs to be undertaken to confirm the figures. The ongoing budget implication is estimated to be £275k p.a.		
Highways Design & Delivery - Staffing, Admin & Depot Overhead Costs	**-1,550**	**-57%**
Underspend due to additional recharges to capital due to additional monies received for 3 schemes and vacant posts. Due to Covid19 recruitment has been slowed and full recruitment for services maybe impacted for the whole year. There is also additional spend relating to agency staff.		
Special Education Needs Transport	**-825**	**-19%**
Forecast underspend of £825k forecast due to the impact of Covid. This has arisen for several reasons: -Increased take up of Personal Transport Budgets which has reduced individual students transport costs significantly -The delay in commissioning some pupils transport for the start of term and paying interim mileage payments instead of actual transport contract costs -The reduction in attendance days at schools and colleges with some pupils remote studying on some days of the week -The choice of some parents to continue to shield even when transport arrangements were put in place -The increased number of isolations and school lockdowns that have occurred in the Autumn Term due to the higher infection rates, particularly in schools Further reductions in expenditure are possible arising from the current lockdown. Work is being undertaken to assess this and the overall position for the year.		

H & T Network Staffing & Admin	**-470**	**-19%**
Underspend due to additional fee income S278,S38,S184 and an underspend on staffing from removing agency staff and creating permanent posts. Underspend is reduced by a forecast £98k overspend in the Notice Processing Unit due to lower numbers of Penalty Charge Notices being issued during the pandemic.		
Treatment Contracts	**-445**	**-5%**
Forecasting underspend due to reduced tonnage during Covid19. This is due to lower volumes of waste at Recycling and Household Waste Sites during the site closures.		
Social Care Transport	**-350**	**-9%**
Underspend forecast arising from cancellations of services due to Covid-19. Also taxi payments were reduced to 25% from April to July 2020 when services were not operating.		
Mainstream School Transport	**-335**	**-9%**
The current estimated underspend on Mainstream School Transport for 2020/21 is £336k. £202k of this forecast is based on reduced costs due to lower payments made when services have not been required. These service reductions have arisen due to an increased number of Covid lockdowns and self-isolation of children / drivers during the autumn term. The underspend forecast also includes additional grant income of £134k that has been received in 2020/21 for Extended Rights to Home to School Travel. Additional costs of £540k to provide additional services to enable social distancing are included in the forecast. It is assumed that these costs will be fully funded by the DfE Covid Home to School and College Transport grant in 2020/21.		
Fleet Transport	**-325**	**-176%**
Forecast underspend of £326k mainly due to the reduction in social care and library Fleet operations due to Covid-19. The major spend of the passenger fleet operation is on staff (drivers and escorts) which, while the majority are LCC employees, at times are supplemented by agency staff. The use of agency staff has remained low as use has been made of drivers and escorts from the social care area of Fleet. While the SEN operation from the start of the academic year and into the current lockdown period is running near to capacity there is an overall reduction in passenger fleet operation from lack of social care and middle of the day workings which has led to a reduction in fuel usage, maintenance and insurance costs. However, this has been offset by lack of external income generation which remains very limited.		
Environment & Waste Management Commissioning: Initiatives	**-255**	**-33%**
£187k forecast underspend on Ash Dieback due to social distancing measures on inspections meaning less work can be completed as quickly. Also some communications work has not been completed as communications regarding Covid have taken priority. Forecast also includes a £50k underspend on waste and environment initiatives due to the impact of the pandemic. This has affected a range of areas including fewer events, less work in schools and reduced grant applications. Work within the community on food waste prevention has also been impacted.		
HS2	**-245**	**-15%**
Underspend due to planned Government HS2 Phase 2b hybrid Bill process delayed beyond the originally anticipated June 2020 start (to the 2021/2022 financial year at the earliest), so mandatory Parliamentary Agents and consultant support will not be required until that time.		
Haulage and Waste Transfer	**-215**	**-10%**
Underspend forecast due to more direct deliveries and more efficient use of hauliers.		
Environment & Waste Management Commissioning: Staffing & Admin	**-210**	**-17%**
Forecast underspend due to multiple staffing vacancies and lower spending on waste initiatives during the pandemic.		
Staffing & Admin Commissioning	**-205**	**-11%**
Underspend due to staff vacancies which is being slightly offset by reduction in income and recharges to capital.		
Composting Contracts	**-180**	**-11%**
£180k underspend forecast due to lower waste tonnages.		

Departmental Costs	**-170**	**-12%**
Forecast underspend largely due to £110k forecast underspend in computing services. £80k of this has arisen due to lower spend on replacement phones and laptops as the Workplace project is now funding these items in 2020/21. Remaining £30k due to lower expenditure on other computing items. There is a further £47k underspend arising due to reduced spending on occupational health referrals, stationery and furniture due to staff working from home.		
Other variances	**-30**	**n/a**
TOTAL	**-3,870**	**n/a**

Chief Executive's

The Department is forecasting a net overspend of £1.5m (12.3%). The main variances are:

	£000	**% of Budget**
Policy & Communities	**1,695**	**98%**
The variance is mainly due to forecast expenditure of £1.7m for Covid-19 related Community grants.		
Registrars	**220**	**-217%**
There is forecast to be a significant shortfall in income due to the Covid-19 impact on Wedding Ceremonies. Estimated furlough income of £25k is reflected in the forecast as well as a proportion of the income loss reported through the SFC. The continued lockdown will have a significant impact on the final quarters income.		
Legal Services	**170**	**7%**
Additional temporary posts agreed for Covid-19 and A&C additional work plus the use of extra Locum resources to cover vacant posts.		
Democratic Services and Administration	**-240**	**-17%**
The variance is due to ongoing vacancies as well as a reduction in travel, post and printing costs.		
Growth Unit	**-200**	**-35%**
The variance is due to ongoing staffing vacancies which are expected to continue for the remainder of the financial year.		
Civic Affairs	**-95**	**-58%**
The variance is due to reduced costs as a result of ongoing Covid-19 restrictions.		
Other variances	**-40**	**n/a**
TOTAL	**1,510**	**n/a**

Corporate Resources

The Department is forecasting a net overspend of £4.8m (14.1%). The main variances are:

	£000	**% of Budget**
Information & Technology	**2,310**	**22%**
Overspend anticipated on laptops, software and specialist staff to support the increases in homeworking during Covid-19 lockdown.		
Commercial Services	**2,175**	**n/a**
A £2.2m overspend is being forecast which is a result of the pandemic and difficult trading continuing from 2019/20. Difficult trading conditions continue and have been seriously compounded by lockdown forcing either the scaling back or temporary closure of a number of commercial services. Recovery plans are being developed to address continuing operational losses and develop an optimum portfolio of commercially sustainable services going into 21/22. This may result in some services discontinuing. The net overspend is inclusive of £2.2m furlough income (CJRS funding) and also includes Sales, Fees and Charges Compensation income of c£1.6m.		
Corporate Asset Investment Fund	**1,020**	**-43%**
Overspend related to delays to Airfield Farm and LUSEP. Partially Covid-19 related. Both expected to achieve the expected returns by 21/22.		
Working from Home Allowance	**300**	**n/a**
£0.3m estimate of cost of other equipment (non-PC) required by staff to adapt to working safely at home.		

County Hall	**230**	**19%**
£0.2m overspend represents both a continuation of the 2019/20 overspend (£0.15m) due to additional cleaning charges, security costs, energy costs and lower income than expected as well as the additional Covid-19 costs associated with cleaning, signage and building changes (£0.09m). This has been offset in part by a reduction in some costs such as water and electricity due to lower usage of the building.		
Strategic Property	**-460**	**-16%**
£0.41m staffing underspend arising from a delay due to Covid-19 in recruitment to vacant posts following a staffing review. Further savings from contract renewal of £38k have been realised.		
Learning and Development	**-325**	**-23%**
Projected underspend as a result of reduction in face to face courses due to Covid-19 lockdown.		
Customer Service Centre	**-165**	**-7%**
Underspend as a result of staff vacancies and reduced absence.		
Supported Employment	**-140**	**-23%**
Underspend largely as a result of furlough income as vulnerable staff are shielding from the pandemic.		
Commissioning Support Unit	**-140**	**-10%**
Underspend due to staff vacancies.		
Property Services Business Support	**-80**	**-18%**
Underspend due to staff vacancies.		
Other variances	**25**	**n/a**
TOTAL	**4,750**	**n/a**

APPENDIX C

Capital Budget 2020/21 – forecast main variances

Children and Family Services

Net slippage of £11.4m is forecast compared with the updated budget. The main variances are:

	£000
Provision of Additional Places	**-7,951**
1). Shepshed School Places - Slippage of £2.7m as it is a complex scheme involving several parties and sub-projects including the refurbishment of the former Hind Leys and Shepshed High School buildings to create a single high school building and a separate primary provision. Timescale has slipped for a variety of reasons; restrictions due to COVID hampered site visits, meetings and the progression of the feasibility study. In depth surveys uncovered condition works and required further investigations. Current issues are with planning whereby Highways require traffic information and a new survey which cannot be done until all the pupils can return to school. 2). Fleckney Primary School - Slippage of £1.5m as a Multi Academy Trust that already has a number of primary schools in the area has applied to the DfE to open a primary Free School in the area. If the DfE approve this it could affect what is needed at Fleckney. Therefore further works have been paused awaiting the DfE's decision. 3). Ashby Secondary Places - Slippage of £1.2m. Delay to scheme due to Secondary schools in the Ashby area are currently implementing age range change - the last area of Leicestershire to do so. This transition time adds a further level of complexity over where and when additional secondary places are required. 4). Rothley Primary School - Slippage of £1.0m as Charnwood Borough Council (CBC) has refused the planning application, citing issues with the settlement boundary, the lack of demonstration of a housing need, and being contrary to the Charnwood Local Plan amongst the various reasons for refusal. This will further impact the delivery timeline of this scheme. The County Council has given the developers until February 2021 to work with CBC to try to reach a suitable solution 5). The 20/21 programme included £1.1m of S106 developer contributions for the creation of secondary places in the Coalville area. It was initially agreed that this would be used towards a new building at Newbridge High School part of the Apollo Multi-Academy Trust. However Apollo decided to enter into a lease with the developer, instead of purchasing the building outright. S106 contributions cannot be used to fund lease payments.	
SEND Programme	**-1,352**
1). Short Stay South - Slippage of £0.7m the existing short stay provision was split into a North and South provision at two separate locations in the county. A number of sites are under consideration, but it is envisaged that no further expenditure will be incurred this year. 2). Hinckley Area SEMH Unit - Slippage of £0.3m. A number of potential sites have been explored for this unit. Further discussions are now underway with Heathfields academy. 3). Hinckley Parks SEMH Unit - Slippage of £0.2m. After a number of Covid related delays, the scheme is now out to tender. 4). The Cedars SEMH Unit - Slippage of £0.2m. Due to the high costs of this scheme other quotations are being sought to meet the allocated budget. The proposed location is ideal to meet the required need for SEMH places in the area.	
Strategic Capital Maintenance	**-1,081**
In the summer the government announced a further funding of £1.08m. This funding will be used towards much-needed capital maintenance works to existing buildings on the Iveshead site at Shepshed. However the timeline of works is very much dependent on the timeline of the 'Shepshed Masterplan', which itself has slipped significantly from 20/21 to 21/22.	
Assessment & Residential Multi-functional properties (SCIP)	**-900**
Delays in finding and/or acquiring suitable properties for conversion has resulted in slippage to the original plan. The recently compiled 2021-25 MTFS recognises the expected revised profiling of the plan across the MTFS period.	
Other variances	**-118**
TOTAL	**-11,402**

Adults & Communities

Net acceleration of £0.4m is forecast.

	£000
Brookfields Supported Living Scheme (refurbishment)	**188**

Additional costs incurred relating to 1) internal works to meet the physical needs of a specific service user and 2) external works undertaken to facilitate the independent living environment in a safe and secure way.	
SCIP - Loughborough, Ashby Court - Refurbishment	**170**
Additional costs to compelete the scheme funded from the balance of the SCIP allocation programme in 2021/22 (£1.6m).	
Other variances	**-7**
TOTAL	**351**

Environment and Transport

Net slippage of £10.1m is forecast compared with the updated budget. The main variances are:

	£000
RHWS - General Improvements	**177**
Acceleration due to a redesign of which sites will need general improvements and when. It was identified that some of the works could be done this year.	
Transport Asset Management - Highways Maintenance Schemes	**-2,589**
Slippage due to challenge fund being provided mid-year and whilst all efforts were made to complete these schemes before the year end it is now likely completion will not be until early 2021/22 in addition due to traffic concerns at the East Midlands Airport from the effects of Brexit a programme near this area had to be postponed and some slippage realating to less work design work being completed for major schemes this year but schemes are still progressing and this will be needed in the future.	
A511 / A50 Major Road Network	**-1,665**
Slippage is due to a number of activities which were expected ealier this year, having to be delayed due to Covid. This delayed being able to get access for surveys etc, which in turn delayed the entire planning process. This had knock on effects with getting the contractors on board for programme.	
County Council Vehicle Replacement Programme	**-1,408**
Slippage due to a process being reviewed with consultants under Fleet Management Review project, therefore the only plans this year is to replace essential vehicles.	
Advanced Design	**-726**
Slippage due to reprioritisation of works and when monies will be spent this has meant some money is now not be required this year but will be needed in future years.	
Waste Transfer Station Development	**-626**
Slippage due to construction not starting until 2021/22 so that detailed pre construction works can be completed in 2020/21, therefore the spend profile has been revised in line with the commencement of the construction works.	
Kibworth Site Redevelopment	**-485**
Slippage due to construction not due to start until 2021/22 so that detailed pre construction works can be completed in 2020/21, therefore the spend profile has been revised in line with the commencement of the construction works.	
Hinckley Hub (Hawley Road)	**-481**
Slippage due to delays, due to Covid 19 restriction, with completing trial holes which are needed to be undertaken before construction work and finalising land purchase. In addition there was a delay in obtaining the licence to access third party land to complete the trial holes and also due to disputes on potential contaminated materials and liability that has delayed the land purchase.	
M1 Junction 20A - Advanced Design	**-464**
Slippage relates to the works with District Council taking longer than anticipated .	
Melton Mowbray Distributor Road - North and East Section	**-362**
Slippage due to design works not progressing as quickly as anticipated and survey works being slowed due to weather conditions.	
A46 Anstey Lane	**-324**
Works completed in July 2020. Slippage due to remedial works that will need completing over the next 12 months.	

Zouch Bridge Replacement	**-291**
Slippage due to revaluation of the best outcomes for the programme and best value for money options which will lead to a tender process.	
Safety Schemes	**-285**
Slippage due to Covid 19 restrictions stopping work.	
Transport Asset Management - Flood Alleviation	**-233**
Slippage due to revaluation of a large programme which may need additional works such as a pumping station but options are still being explored.	
Melton Mowbray Distributor Road - Southern Section	**-150**
Slippage due to original agreement deadline being extended from December 2020 to March 2021.	
Other minor variances	**-228**
TOTAL	**-10,140**

Chief Executives

Net slippage of £0.3m is forecast compared with the updated budget. The main variances are:

	£000
Rural Broadband Scheme - Phase 3	**-357**
There has been a 4 month delay in the programme, mainly due to the impact of Covid-19. The contractor is now progressing with the delivery of the contract milestones, some of which will be delivered in 2021/22.	
Other variances	**11**
TOTAL	**-346**

Corporate Resources

Net slippage of £6.9m is forecast compared with the updated budget. The main variances are:

	£000
Snibston & Country Park Future Strategy - Land remedial works and covenant	**-2,642**
There has been a speculative interest in acquiring this site and the decision has been made to remarket the site for sale on the open market. The view is to retain a portion for Adults SCIP Project. With this in mind, the decision to slip the remedial budget has been made, until further clarity in given on the likely terms of sale.	
Melton, Sysonby Farm Development - site preparation and infrastructure works	**-1,500**
Decision on whether to proceed with Homes England funding was made on 26th January 2021 having consulted with SCG regarding land receipt offers received. Approval was given not to proceed with the Homes England Grant Funding which was imposing a requirement to accept a reduced offer rather than the higher value offer received which is now intended to be accepted. Developer to complete enabling works at their cost.	
Workplace Strategy	**-627**
Works at Pennine House and the Library at Loughborough slipped to 21/22 subject to board approval of contract.	
Watermead Park Footbridge and Cycleway	**-496**
Complications in reaching agreement with the land owner. Joint scheme with the County Council and City Council - both parties have agreed to slip the project to 21/22 while options are being reviewed.	
Energy & Water Strategy	**-452**
Project put on hold while waiting for outcome regarding Government funding before using County Council money. Also planned works put on hold to await outcome from Ways of Working and changes to estate due to Covid site closure.	
Score + (Schools Energy Efficiency Scheme)	**-315**
Slippage due to Covid delays in schools unable to visit and approve contracts.	
Replacement ITSM toolset and User Portal (Marval replacement project)	**-240**

Slippage as a result of ICT's Covid response and hence having to shift focus and resource onto other projects and workloads. Current Marval contract is due to expire in June 2021 and there is currently some work being done to determine both tactical and long-term options. On completion it will be able to better inform the use of these funds.	
Electric Vehicle Car Charge Points	**-145**
Slippage as unable to complete suveys on site closures due to Covid, also awaiting planning permission for solar car ports.	
County Hall Lift Replacement Scheme	**-110**
Project has slipped as it is not a strategic priority in the present environment. Project will be realigned along with other County Hall projects relating to recovery and workplace strategies.	
Corporate ICT Programme	**-100**
Project has slipped as works have been re-scoped and will take place in 2021/22.	
CSC Telephony System Replacement	**-91**
Slipped scheme into 21/22 to support a move to Cloud based as part of potential move to Teams System.	
Other variances	**-142**
TOTAL	**-6,860**

Corporate Programme

Net slippage of £6.0m is forecast compared with the updated budget. The main variances are:

	£000
CAIF - Lutterworth East SDA	**528**
Part of overspend relates to the continued need to seek consultancy advice necessary to secure planning permission and complete S106. The balance relates to increased SDLT liability on major acquisitions and the inability to reclaim VAT on contributions to vendors' fees. The additional costs will be requested from the contingency approved by the Cabinet for the scheme.	
CAIF - Loughborough University Science & Enterprise Park (LUSEP)	**291**
Forecast overspend relates to additional costs incurred by the contractor due to Covid-19 working guidelines. Site completed and handed over to tenant in November.	
Future Developments	**-6,500**
Slippage as schemes not suitably advanced to likely to require funding in the current year.	
CAIF - Airfield Business Park Phase 1/2	**-361**
CCS framework tender completed which resulted in only two contractors tendering significantly in excess of the budget and a further procurement exercise will need to take place.	
Other variances	**40**
TOTAL	**-6,002**

Capital Programme - Changes in Funding

2020/21 Budget Adjustments

Children & Family Services	
Strategic Capital Maintenance - as per DfT grant funding announcement	1,081
Provision of Places - removed from programme as S.106 funding will not be brought in.	-753
Provision of Additional School Places - from Section 106 developer contributions	74
SEND Initiatives - from Section 106 developer contributions	74
Environment and Transport	
Emergency Active Travel Fund - capital grant from DfT	285
Externally Funded Schemes - from Section 106 developer contributions	440
Safety Schemes - funded from revenue contribution	77
Transport Asset Management - minor adjustments	-22
Safety Schemes - removal as not receiving funding from partners	-100
IT Renewals - scheme reduced as funding will not be brought in	-107
Total	**1,049**

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