



Meeting: **Scrutiny Commission**

Date/Time: **Wednesday, 8 June 2022 at 10.00 am**

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

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

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

Membership

Mr. M. T. Mullaney CC (Chairman)

Mr. T. Barkley CC	Mr. J. Morgan CC
Mrs. H. J. Fryer CC	Mrs. R. Page CC
Mr. S. J. Galton CC	Mr. T. J. Pendleton CC
Mr. T. Gillard CC	Mr J. Poland CC
Mrs. A. J. Hack CC	Mr. T. J. Richardson CC

Please note: this meeting will be filmed for live or subsequent broadcast via the Council's web site at <http://www.leicestershire.gov.uk>
– Notices will be on display at the meeting explaining the arrangements.

AGENDA

Item

Report by

1. Appointment of Chairman

To note that Mr. M. T. Mullaney CC has been appointed Chairman of the Scrutiny Commission in accordance with Article 6.05 of the County Council's Constitution.

2. Election of Vice Chairman

3. Minutes of the meeting held on 9th March 2022

(Pages 5 - 12)

4. Question Time



5. Questions asked by members under Standing Order 7(3) and 7(5)
6. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda
7. Declarations of interest in respect of items on the agenda
8. Declarations of the Party Whip in accordance with Overview and Scrutiny Procedure Rule 16
9. Presentation of Petitions under Standing Order 35

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|-----|---|---------------------------------|-----------------|
| 10. | 2021/22 Provisional Revenue and Capital Outturn | Director of Corporate Resources | (Pages 13 - 56) |
|-----|---|---------------------------------|-----------------|

The Lead Member for Resources, Mr L. Breckon CC, has been invited to attend for this item and items 11 and 12 below.

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|-----|--|---------------------------------|-------------------|
| 11. | Recommended Change to the Annual Investment Strategy and Investment in Christofferson Robb and Company's Capital Relief Fund 5 | Director of Corporate Resources | (Pages 57 - 64) |
| 12. | Annual Report on the Commercial Strategy 2021/22 | Director of Corporate Resources | (Pages 65 - 82) |
| 13. | Corporate Complaints and Compliments Annual Report 2021/22 | Director of Corporate Resources | (Pages 83 - 110) |
| 14. | Overview and Scrutiny Annual Report 2021/22 | Scrutiny Commissioners | (Pages 111 - 138) |

A copy of the draft Annual Report is attached for the consideration of the Scrutiny Commission. Subject to approval, the Annual Report will be submitted to the full County Council for consideration at its meeting on 6th July 2022.

15. Date of next meeting.

The next meeting of the Commission is scheduled to take place on 7th September 2022.

16. 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 Governance and Scrutiny website <https://www.cfgs.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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Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Wednesday, 9 March 2022.

PRESENT

Mr. M. T. Mullaney CC (in the Chair)

Mr. R. G. Allen CC
Mr. T. Barkley CC
Mr. S. J. Galton CC
Mr. Max Hunt CC

Mrs. R. Page CC
Mr. T. J. Pendleton CC
Mr J. Poland CC
Mr. C. A. Smith CC

In attendance

Mr L. Breckon CC (Lead Member for Resources)
Mrs P. Posnett CC (Lead Member for Community and Staff Relations)

66. Minutes

The minutes of the meeting held on 31st January 2022 were taken as read, confirmed and signed.

67. Question Time.

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

68. 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).

69. Urgent Items

There were no urgent items for consideration.

70. 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.

No declarations were made.

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

There were no declarations of the party whip.

72. Presentation of Petitions under Standing Order 35.

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

73. Report of the Scrutiny Task and Finish Group on the Council's Corporate Ways of Working Programme

The Commission considered a report of the Scrutiny Task and Finish Group on the Council's Corporate Ways of Working Programme. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Chairman welcomed Mr L. Phillimore CC, the Chairman of the Task and Finish Group, to the meeting. In presenting the report Mr Phillimore highlighted that:

- The Programme would see a significant shift in how the Council operated. The Group had been keen to understand the impact of this on staff and how they might engage both with each other to ensure a coordinated and joined up approach, but also with residents and service users and elected members.
- As the report made clear, the Group chose to focus on the People element of the Programme, it being of the view that the workplace and technology elements would flow from that in time as the Programme was rolled out.
- Whilst the financial savings identified were important, the key benefits of adopting a hybrid working approach were seen as being much wider than that and the Group had felt strongly that if the People element of the Programme was not delivered well, irrespective of the savings, the Authority, its staff and service users, could be negatively affected.
- The Group had put forward a number of challenges and identified some key risks. However, officers were able to offer significant reassurance on many issues. The Chairman, on behalf of the Group, thanked officers for the excellent work that had gone into the preparation of the Programme.

Arising from discussion, the following points were noted:

- (i) Members welcomed the report which was comprehensive and demonstrated the in-depth challenge provided by the Group and which had drawn out some useful recommendations. The Commission thanked the Group for its work and that of officers in preparing what was a well considered Programme.
- (ii) It was recognised that hybrid working would provide great flexibility which would benefit both the organisation in addressing issues such as the recruitment and retention of staff, and officers who could perhaps adapt their working arrangements to provide for a better work/life balance.
- (iii) It was recognised that service needs would be the first priority for all sections, but that discussions with managers would ensure that where appropriate, flexibility was provided.
- (iv) The need for a whole Council approach was recognised and sense checking all communications would be essential to ensure the Programme did not become campus centric. It would be important for all staff be kept informed and involved in the process.

- (v) Key issues around socialisation amongst staff and the potential impact on health and wellbeing had been considered by the Group and the Commission was assured of the level of communication and guidance provided to staff to encourage new ways for people to come together. It was acknowledged that this was the start of a long process and teams would adapt as best suited them and their service area.
- (vi) The exercise had emphasised the critical role of managers, both in the successful delivery of the Programme, but also in the future management of a hybrid workforce. The Chairman of the Task and Finish Group confirmed that it had been confident that officers were well aware of the need to support managers through this process, but that it had made recommendations to help strengthen the proposed approach in some areas e.g. encouraging the use of Annual Performance Reviews to ask softer questions and in tracking delivery of the Programme.

Mr Breckon CC, on behalf of the Lead Member for Covid Recovery and Ways of Working, Mr Peter Bedford CC, reported that Mr Bedford welcomed the report, the work of the Group and its recommendations.

RESOVED:

That the recommendations of the Scrutiny Task and Finish Group on the Council's Corporate Ways of Working Programme be welcomed and forwarded to the Lead Member for Covid Recovery and Ways of Working and the Director of Corporate Resources for consideration.

74. Corporate Ways of Working Programme - Delivery of Financial Savings

The Commission considered a report of the Director of Corporate Resources, the purpose of which was to update the Commission on the delivery of financial savings from the corporate Ways of Working Programme as recently outlined in the approved Medium Term Financial Strategy. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

Arising from discussion, the following points were made:

- (i) The Council had to modernise and change the way it operated. This had a number of wide ranging benefits as looked at by the Scrutiny Task and Finish Group and considered as part of the previous report. However, the delivery of ongoing long term efficiencies meant a significant reduction in costs could also be realised, as well as the potential to generate income.
- (ii) A review of all Council's locality offices, owned and occupied, would be undertaken as part of the Programme. As the Council changed the way it operated it would be important to ensure these were still fit for purpose and that their location matched current business and service user needs.
- (iii) Those working to deliver the Programme were working closely with the Carbon Reduction Programme team. A key aim of the Ways of Working Programme would be to improve the Council's estate to generate better environmental outputs wherever possible, both in terms of the new planned office arrangements, and by reducing travel and, for example, the use of paper with

improved technology.

- (iv) The pilot being undertaken in room 700 at County Hall to change the office layout to suit a more hybrid working approach would be vital. Without this it was unlikely the Council would be able to achieve the culture change necessary to deliver the Programme fully. On behalf of the Lead Member for Covid Recovery and Ways of Working, Mr Breckon CC encouraged members to attend an all member briefing planned in May to talk members through the changes further, at which members would also be invited on a tour of the new collaborative workspaces being piloted.

RESOLVED:

That the update now provided on the delivery of financial savings from the Corporate Ways of Working Programme be welcomed and noted.

75. 2021/22 Medium Term Financial Strategy Monitoring (Period 10)

The Commission considered a report of the Director of Corporate Resources, which provided an update on the 2021/22 revenue budget and capital programme monitoring position as at the end of period 10 (the end of January). A copy of the report marked 'Agenda Item 10' is filed with these minutes.

Arising from discussion, the following points were made:

- (i) Since the last report to the Commission, the Council's financial position appeared more positive, moving from a £2.6m overspend to a £3.5m underspend. However, Members recognised that there were still three key areas of significant concern – Special Educational Needs and Disabilities (SEND), Adult Social Care (ASC) and the Capital Programme.
- (ii) Members questioned whether in light of the forecasted deficit of £28m on the High Needs budget, whether further Government funding would be forthcoming to help address this. Members were disappointed to hear that this was unlikely and that whilst some additional funding had been provided to some authorities, this had been on a one off basis and did not match the ongoing level of growth and increased costs being seen. Whilst a national problem, Members noted that this would most likely have to be managed locally.
- (iii) The High Needs budget deficit had grown for several years due to increased age range of children with SEND the Council was now responsible for (was up to 18 years, but was now up to 24). The increased responsibility had not been matched with additional funding. Members noted that there were also increased parent expectations and requests for children with SEND to be educated in a special school as opposed to a mainstream school which was significantly cheaper.
- (iv) The Leader Member for Resources reported of work being undertaken by external consultants Newton Europe to review SEND services. Members noted that the Council currently provided what was considered a 'gold' standard, but that the grant was not sufficient to continue this. It had to be recognised that a 'silver' or 'bronze' standard was still good and over and above the Council's statutory responsibilities. Mr Breckon assured Members that this was being looked at carefully by the Director and Lead Member for

Children and Family Services.

- (v) Members noted that the planned transfer of £2m from the mainstream school grant to the High Needs budget did not go ahead as proposed as this had been rejected by both the Schools Forum and subsequently the Secretary of State.
- (vi) The underspend in the Public Health budget resulted from some public facing services having ceased or reduced temporarily as the Department focused on work required to respond to the Covid-19 pandemic. The underspend would be kept in reserve to support such services as these were reinstated.
- (vii) ASC Services currently depended on a significant amount of NHS funding. However, this was uncertain over the long term and so the position would be monitored closely.
- (viii) Members raised concern at the level of overspend on the Capital Programme and the slippage of two key projects (the Melton Mowbray Distributor Road and the A511) which whilst understandable, as explained in the report, increased the risks being faced by the Council in this area. Members highlighted that added costs and inflationary pressures exacerbated by current events would likely continue and make the position even more difficult. It was suggested that officer time spent designing schemes and bidding for funding might be a false economy if the Council was not then in a position to finance those schemes (providing match funding) over the long term.
- (ix) A member commented that securing the receipt of adequate section 106 developer contributions to fund growth infrastructure had always been difficult and that this would likely become even harder as developers were also affected by cost and inflationary pressures. Members questioned if the viability of schemes were challenged by developers, reducing the section 106 contributions received by the Council, how this would be managed and what discussions were being held with district councils to share this risk.
- (x) Members were concerned that the Members Advisory Group (MAG), which was a partnership body, looked at and agreed growth requirements across the County, but that the Council was the sole provider of the infrastructure necessary to support this. Members challenged how this was being managed and how such growth demands were being balanced with what the Council could realistically afford.
- (xi) The Director outlined the work of the Growth Service which had been established to provide oversight of large scale growth projects and how these were aligned with the Council's financial plans and capabilities. Members noted that the Service liaised with district councils on a regular basis, in particular as part of their local plan process, to ensure infrastructure needs were considered early. It was noted that the Service also played a significant role in supporting the work of the MAG, working alongside the Joint Strategic Planning Manager for Leicester and Leicestershire.
- (xii) Members acknowledged that there were a number of factors to consider and suggested it would be right for the Commission to take a more holistic view of the Council's Capital Programme and all the risk factors identified.

RESOLVED:

- (a) That the Medium Term Financial Strategy 2021/22 Monitoring report up to the end of January 2022 (Period 10) be noted;
- (b) That the Director of Corporate Resources be requested to provide the Commission with a more holistic view of the Council's Capital Programme and the key risk factors affecting this in light of current national and international circumstances.

76. Outcome of Consultation on the Strategic Plan

The Commission considered a report of the Chief Executive which set out the feedback received during the public consultation on the draft Strategic Plan 2022-26. The report also sought the Commission's views on the revised Plan which had been amended to take account of the comments made. A copy of the report marked 'Agenda Item 11' is filed with these minutes.

Arising from discussion the following points arose:

- (i) The level of support for the identified outcomes was welcomed. Members were pleased to see that all comments previously made by the Commission and the other overview and scrutiny bodies had been considered and largely addressed in the revised draft. Members agreed that this was now a much improved document.
- (ii) Members supported the shortening of the Plan, which it was agreed made it more focused and reader friendly.
- (iii) It was noted that the response rate, whilst higher than usual, was not vast. Members acknowledged that consultations on strategic documents often generated less feedback as residents could find it difficult to relate their purpose to their own circumstances and day to day lives.
- (iv) A Member challenged whether the number and style of questions asked in such consultations struck the right balance to encourage residents to respond. Members were assured that the number and type of questions asked were always considered when formulating a consultation, as were the options for targeting a variety of audiences. The Council had a specialised team that ensured best practice was always followed. It was acknowledged that lessons could always be learnt and the potential for improvements would be considered, including the quality and number of questions asked.
- (v) Whilst the Strategic Plan was not a statutory document and not therefore subject to the legal requirement to consult, as it would set the overall strategic direction for the Council over the next four years undertaking such a consultation was considered essential. Not engaging on the document would likely result in criticism and Members agreed that this would have affected the overall quality of the Plan.
- (vi) A Member suggested that whilst references to district councils had been improved, they had not been referenced in sub-section 5.2 of the Plan (People participate in service design and delivery) and suggested that they perhaps

should be.

- (vii) The reference to Neighbourhood Plans was again queried. It was noted that the language in the Plan now made clear that the County Council had a supporting role in this area, and that district councils were ultimately responsible for their development. A Member commented, however, that a Neighbourhood Plan might not be suitable for all areas and questioned therefore the Council's action (in sub-section 5.2 of the Plan) to support communities to develop these Plans. It was suggested that support should be targeted to those areas where such a Plan was considered locally to be appropriate and beneficial.

RESOLVED:

- (a) That the revised draft Strategic Plan for 2022 to 2026 be welcomed and supported;
- (b) That the comments now made by the Commission be referred to the Cabinet for consideration at its meeting on 29th March 2

77. Draft Communities Strategy: Leicestershire County Council Collaborating with our Communities - Our Communities Approach 2022-26 - Feedback from Community Engagement

The Commission considered a report of the Chief Executive which provided an update on the preparation of the Council's draft Communities Strategy: Leicestershire County Council Our Communities Approach 2022-26. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

In presenting the report the Chief Executive highlighted that the link included on page 16 of the Strategy to the Leicestershire Communities Asset Based Approaches web page was incorrect. This had now been corrected with the following <https://www.leicestershirecommunities.org.uk/sr/assetbased.html>.

Arising from discussion, the following points arose:

- (i) Members welcomed the broad level of engagement undertaken and the conversations held with communities to seek their views on the Council's proposed Approach. It was acknowledged that the process had focused on ensuring good quality feedback and that this had provided some useful insights and helped to shape and inform the planned way forward.
- (ii) The Commission was pleased that there was overall support for the Approach but acknowledged requests for further embedding existing practices and building on partnership working and what people were already doing within their communities.
- (iii) The Members were satisfied that its comments and concerns previously made had been addressed and complimented the revised Strategy which was clear and focused, easy to follow and engaging. Members also welcomed the inclusion of hyperlinks which easily signposted communities to useful information and support available.

- (iv) A Member commented that the Strategy would be a valued document and support elected members in their role as community leaders.

RESOLVED:

- (a) That the revised draft Communities Strategy: Leicestershire County Council– Our Communities Approach 2022-26 be welcomed and supported;
- (b) That the comments now made by the Commission be reported to the Cabinet at its meeting on 29th March 2022.

78. Date of next meeting.

RESOLVED:

It was noted that the next meeting of the Commission would be held on Wednesday, 6th April 2022 at 10.00 am.

10.00 - 11.56 am
09 March 2022

CHAIRMAN



SCRUTINY COMMISSION – 8TH JUNE 2022

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PROVISIONAL REVENUE AND CAPITAL OUTTURN 2021/22

Purpose of the Report

1. The purpose of this report is to set out the provisional revenue and capital outturn for 2021/22.

Policy Framework and Previous Decisions

2. The County Council approved the 2021/22 to 2024/25 Medium Term Financial Strategy (MTFS) in February 2021. The key aim of the Strategy is to ensure that the Authority has appropriate resources in place to fund key service demands over the next few years. The Strategy includes the establishment of earmarked funds and the allocation of ongoing revenue budget and capital resources for key priorities.
3. The Cabinet on 27th May 2022 received a report setting out the provisional revenue and capital outturn for 2021/22. The Cabinet noted the revenue and capital outturn positions and prudential indicators and approved the use of the net revenue underspend of £7.9m to fund additional commitments. The Cabinet also noted with concern the increasing pressures on the capital programme and that, in regard to infrastructure required to support housing and economic growth in the delivery of District Local Plans:
 - (a) the affordability of major road schemes (A511 and Melton Mowbray Distributor Road North and East sections) included in the capital programme will be reviewed when contract prices are received;
 - (b) in the case of the other highway schemes not in the capital programme, financial risk will be managed by the County Council only committing to construction upon receipt of funds from developers, noting that increased congestion may result, although the County Council as local highway authority will seek to mitigate the impact through the formal planning process;
 - (c) in the case of education provision, (i) the County Council will meet its statutory requirement to provide schools places, whilst (ii) financial risk will be managed through stronger risk transfer to developers, noting that additional school places required may have to be through transport of pupils to existing schools; and
 - (d) the district councils as the promoters and owners of Local Plans be advised accordingly.

Overall Position

Revenue Outturn

4. A summary of the revenue outturn for 2021/22, excluding schools grant, is set out below:

	£000
Updated budget	399,353
Provisional outturn	399,061
Net underspending	-292
Less additional income	-7,632
Net Underspend	-7,924
Additional Commitments	7,924
Net Position	0

5. Overall, there has been a net underspending of £7.9m, which will be used to meet additional commitments detailed later in the report. Details of the variances are included in the report and in Appendix A and Appendix B.
6. The General Fund Reserve stands at £18m as at 31st March 2022, which represents 3.8% of the 2022/23 revenue budget, in line with the County Council's earmarked funds policy and the MTFS approved in February 2022. It is planned to increase the General Fund to £22m by the end of 2025/26 to reflect increasing uncertainty and risks over the medium term and the growth in the County Council's budget.
7. The 2022-26 MTFS, approved in February 2022, is balanced for 2022/23 with a shortfall of £7.8m in 2023/24 rising to a shortfall of £40m by 2025/26. This position is after planned MTFS savings of £54m, including £14m from Dedicated Schools Grant (DSG). The County Council has a programme of Savings Under Development (SuD's) to help close the gap.
8. There are significant uncertainties to the County Council in the medium term due to the continuing impacts of Covid-19 and rising inflation. Latest estimates of the impact of inflation show a potential increase of £3m required for 2022/23 rising to £31m by 2025/26. This would increase the MTFS shortfall in 2025/26 to £71m.
9. The implementation of the Fair Funding Review and the 75% Business Rates Retention Scheme have both been postponed until at least April 2023. Although it is hoped that the County Council should receive more funding as a result of the Fair Funding Review, there is no certainty of this, especially given the wider economic pressures. Therefore the MTFS does not include any provision for any additional funding.

Capital Outturn

10. A summary of the capital outturn for 2021/22, excluding schools devolved formula capital, is set out below:

	£000
Updated budget	118,581
Less provisional outturn	82,137
Net Variance	-36,444

11. Overall, there has been a net variance of £36.4m compared with the updated budget. This includes net slippage of £36.3m and a net underspend of £0.1m. The net slippage will be carried forward to 2022/23 and future years to fund schemes that were not completed in 2021/22, with the net underspend added to the capital financing earmarked fund.
12. There are indications that the costs of some existing capital schemes are likely to increase as a result of the increases in inflation and commodities. A review of the capital programme will be undertaken over the summer to understand any affordability implications and to update deliverability spend profiles.
13. Details of the variances and key projects delivered in 2021/22 are included in the report, and in Appendix D.

REVENUE BUDGET

14. Appendix A shows the provisional outturn position for 2021/22. This compares the actual net expenditure incurred with the updated budget. The original budget has been updated for transfers between services and from central contingencies.
15. The overall net underspend is £7.9m, which has been allocated to a number of additional commitments.
16. Appendix B gives details of significant variances by departmental revenue budgets for 2021/22.

Children and Family Services – Schools Budget

17. The Schools budget overspent the grant received by a net £13m at the end of 2021/22, mainly relating to the High Needs block (£11.2m) and Early Years block (£4.2m) offset by an underspend on the other Schools block from schools growth (£2.4m).
18. Nationally, concern over the impact of Special Educational Needs and Disabilities (SEND) reform on High Needs expenditure, and the financial difficulties this exposes local authorities to, continues. The position in Leicestershire reflects the national picture. The MTFS included £5.7m as the estimated in year overspend on the High Needs block of Dedicated Schools Grant (DSG). The outturn position shows that this has increased to £11.2m, an increase of £5.5m. The increase largely relates to an

increased number of placements, and the non-achievement of planned savings of £1.9m.

19. At the end of 2021/22 the accumulated High Needs deficit is £28.7m. A refresh of the High Needs Development Plan is underway and the Department is investigating a number of actions that could reduce demand to slow the increase in deficit with the ultimate aim of reducing it. Without new interventions the high needs deficit is forecast to continue to increase over the MTFS period and is not financially sustainable. This creates a significant and unresolved financial risk to the Council.
20. In respect of the underspend on the Schools block of £2.4m, this is funding which has been earmarked to help meet the revenue costs associated with new schools and also for meeting the costs of some funding protections 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.
21. The overspend position on the Early Years block (£4.2m) relates to additional payments made to providers to help keep them solvent during Covid-19, and a census return to the Department for Education (DfE) which understated the number of hours being undertaken by children in early years providers which caused a consequent shortfall in grant received by the County Council. Work is ongoing to assess how best the additional Covid-19 payments can be recovered from providers over a period of years, and the DfE has been asked if it is possible to revise the census information. No agreement has been reached at this stage.

Children and Family Services – Local Authority Budget (Other)

22. The Local Authority budget is underspent by a net £3.7m (4%), mainly relating to an underspend on the Children's Social Care Placement budget (£3.2m), due to lower demand than expected.
23. The number of looked after children (LAC) in care increased by 8% in 2020/21 to 705 as of 1st April 2021. The budget for 2021/22 had assumed a further 8% increase in LAC numbers. However, numbers during 2021/22 actually decreased by 2% to 695 on 31st March 2022. One of the key drivers behind this current positive position is the active work and outcomes being achieved through the Defining Children and Family Services Programme, which have allowed the Department to over-achieve in regard to its MTFS savings targets for 2021/22. Such outcomes include reducing the number of LAC starts per year and more specifically reducing the number of residential starts per month where it was seen the current level of need of children in residential provision could be managed in alternative provision types and sustained through SMARTER planning. The subsequent impact has seen current placement numbers across various provision types at a lower level than budgeted for, both within external fostering and residential provision types.
24. The Defining Children and Family Services for the Future programme has a number of workstreams to reduce the requirement for residential placements; reduce durations and increase internal fostering capacity. As per the underspend position across social care placements, early signs show this is starting to make a positive impact. The Social Care Investment Programme (SCIP) working in partnership with Barnardo's will

also have an impact through the creation of additional capacity for under 16's, over 16's and parent and children places, which should be in place during 2022/23. With increasing demands projected and a market shortage, further investments are planned subject to the individual business cases and availability of suitable property and staff.

25. Further work is required over the coming months to establish how sustainable current patterns and trends within Leicestershire's LAC cohort are, and its subsequent financial impact both in year and in future years. Current referrals into both Early Help and First Response service areas have increased sharply, a scenario which was largely expected post Covid-19. It is, however, uncertain at this stage how this demand will affect Leicestershire's LAC numbers but this will be kept under ongoing review
26. Social care staffing teams continue to remain under pressure with a net overspend of £0.6m for the current year. Nationally there is a shortage of qualified social worker staff which has recently been acknowledged through further work indicating a 6% reduction nationally in applicants applying to undertake social work training. Further research is showing qualified social work staff do not remain in front line work on average for more than 8 years. There is also a growing number of staff moving to agency work or neighbouring local authorities for inflated rates of pay. All of these factors and issues are all very prevalent within Leicestershire and despite positive recruitment and retention activities, such as increasing the number of staff undertaking the apprenticeship social worker course and Leicestershire paying market premia payments to try to ensure average pay is more in line for similar posts across the region, the challenging market still continues to see supply of social workers being limited. Agencies and some nearby local authorities continuing to pay more have resulted in continued pressures and challenges for social care service budgets in Leicestershire.
27. Other notable underspent budget areas contributing to the final year end position are due to reduced demand compared to budgeted and pre-Covid levels are; the social care legal budget (underspend of £0.1m), the disabled children service (underspend of £0.4m), premature retirement costs (£0.2m) and vacancy control management controls across the Department for non-essential posts (£0.2m).

Adults and Communities

28. There is a net overspend of £2.4m (1.5%) on the revenue budget for 2021/22.
29. There is continuing significant financial impact due to Covid-19 on adult social care which includes additional costs for commissioned services and loss of service user income. The overall number of service users being supported across Residential Care, Homecare, Supported Living, Cash Payments and Community Life Choices from January 2020 through to March 2022 have significantly increased. Typical growth in a year would be approximately 1.5% per annum. However, current numbers of service users supported is an increase of 3.5% per annum. There are early indications that overall numbers are now starting to decrease. Over the same time period, the average cost per service user has also increased, although these also now seem to be stabilising.

30. The main variances are:

- Residential Care and Nursing overspend £11.7m. This comprises:
 - Residential Care expenditure £10.4m. Additional average cost of care packages including transitions from Children's services (£1.4m) and Covid/price costs (£9m). Over the last 12 months there has been a significant increase in the number of placements requiring a Supplementary Needs Allowance, short term bed placements and price increases in addition to basic fee rates which has increased the average cost of care. It is likely that these costs will be an ongoing issue and work is being undertaken to understand these as part of Market Sustainability for Adult Social Care Reform. These are offset by NHS discharge income of £6.4m during 2021/22.
 - Residential Care Income reduction £1.3m. As a result of Covid-19 the chargeable number of residential service users has declined. In addition to this there is an ongoing trend of lower residential service users from the Target Operating Model (TOM) project is moving them into Homecare.
- Homecare - overspend of £8.7m. This position reflects that both average package costs and client numbers are significantly higher than budgeted. At the time of preparing the budget, the hospital discharge to assess scheme was expected to end on 31 March 2021. The scheme is now due to end on 31 March 2022, although arrangements beyond this date are uncertain. Some of these costs are offset by hospital discharge income in the region of £1.6m. The discharge to assess scheme, along with placing less clients into residential care services during the early stages of the pandemic, have been the main factors behind the increase in the numbers of people receiving home care and the average number of hours commissioned per client since March 2020. The discharge to assess scheme for Covid-19 has meant a focus on lowering patient numbers in hospital, which has reduced the involvement of social care prior to discharge. Further work continues alongside Health in reviewing these practices. As at the end of March 2021, there were on average 2,220 home care clients with an average package of £260 per week.
- Supported Living overspend £5.7m. High cost complex packages relating to a small number of transforming care service users being discharged from hospital settings in the community are expected to cost £3.5m. Along with increased hours being commissioned over the Covid-19 period for the remaining service users £2.2m. There is additional health funding in the region of £2.6m to support these costs.
- Community Income additional £5.2m - As a result of the shift of service users into non-residential services following Covid-19, the volume of chargeable service users has increased compared to previous years. In addition, the review of NHS Covid-19 funded service users has increased the number of chargeable service users on the charging run.

- An additional one off grant of £5m has been received from the NHS to help support the additional Covid costs, and £7.9m income has been received from the NHS Discharge Scheme.

31. An action plan has been in place during 2021/22 which has:

- Undertaken reviews of all service users' packages that have commenced or changed since April 2020 commencing with Homecare which has reduced the overspend by around £4m.
- Worked with NHS partners to help improve the discharge pathway including reviewing funding arrangements.
- Ensured financial and funding assessments are undertaken which has reduced the potential loss of income by around £3m.
- Reviewed internal processes.

32. However, the ongoing impact of Covid-19 on demand led commissioned service is being validated and reviews of high-cost packages will continue to be undertaken.

33. These costs are offset by a £4.5m underspend from staffing, overhead and other budgets, plus an additional Better Care Fund contribution agreed for the year of £1m.

34. An additional £6m was made available from the NHS winter pressure monies to support providers with recruitment and retention through the winter period.

35. The following government grants relating to Covid-19 have been allocated in 2021/22:

- Infection Control and Rapid Test Fund (£10.6m) provides support to residential, homecare and other providers that meet the strict grant conditions.
- Workforce Recruitment and Retention Fund (£4.7m) providing support to residential, homecare and other providers that meet the strict grant conditions.
- Omicron Support Fund (£0.6m) additional funds to support providers during the outbreak.

Public Health

36. The Department had a net underspend of £0.6m which will be transferred to the Public Health earmarked reserve to offset uncertainties on future grants.

Environment and Transport

37. A net underspend of £3.7m (4.4%) is reported.

38. There are underspends on Transport budgets of £2.3m. This comprises SEN transport (£1.5m) and Mainstream School Transport (£0.3m) due to reduced service demand and contract suspensions as a result of Covid-19; savings arising from service reviews; and delays to implementing some SEN transport at the start of the 2021/22 academic year. In addition, underspends have arisen from the decision to make Concessionary travel reimbursement at actual service levels as per DfT guidance (£0.6m). There is also an overspend on Fleet Services (£0.1m) relating to the under-recovery of vehicle costs from operational areas.

39. Across Highways an underspend of £2.4m is reported. Underspending on HS2 due to Central Government delays (£0.2m) and increases in developer contributions from Section 38 and Section 184 infrastructure funding (£0.6m). Further underspends have arisen as a result of increased operations on the network generating income from permitting and fines (£0.4m), an increase in sign-shop income (£0.1m) and increased income from recharges to the capital programme as a result of the £2m contribution to the capital programme (£0.4m), see below. A mild winter has reduced costs for maintenance (£0.5m) with the balance of underspend (£0.6m) relating to vacancies being carried across the service and minor variances. These underspends are offset by increased reactive and environmental maintenance works to prevent network deterioration (£0.4m).
40. There is an underspend of £1.0m on Waste budgets. This relates mainly to continuing market price rises generating increased income for recycling, scrap metal and dry recyclable materials (£1.2m). Additional underspends resulting from lower composting tonnages (£0.3m); vacancies across the service (£0.1m) and minor variances (totalling £0.2m) are also reported. These underspends are partially offset by additional waste tonnages going to landfill (net £0.4m) and a contribution to reserves to provide for anticipated costs associated with Market Premia (£0.4m).
41. During 2021/22 due to the improved overall net revenue position £2m of the net Departmental underspend was redirected toward roads maintenance funding.

Chief Executive's

42. The Department has an overspend of £0.1m which is mainly due to additional costs of the Coroners Service £0.6m and loss of income £0.2m in legal services. These costs are offset by staffing vacancies across the department of £0.6m and a £65,000 saving on the Local Government Association (LGA) subscription.
43. The overall position includes initial expenditure of £716,000 on the establishment of a Freeport as reported previously to the Cabinet. As the accountable body the Freeport costs will initially be funded from County Council reserves (cash flowed), to be repaid in the future by retained business rates generated once the Freeport goes live. In total the Council is proposing to lend £2.5m to the Freeport. This cash flow funding is at risk if designation does not actually happen but currently this risk looks low.

Corporate Resources

44. Overall the Department has a net overspend of £1.1m (3.2%).
45. There is a £2.2m overspend on Commercial Services primarily related to the continuation of difficult trading conditions and losses of income due to continuing Covid-19 restrictions. Key examples are the continued delays to opening Beaumanor Hall (£0.5m), lower volumes in the School Food Service and reduced scope for development activity. Mitigating action has been taken in the form of furloughing staff and accessing the Government's sales, fees and charges grant funding scheme but both were available to a much lesser extent during 2021/22.

46. There is an underspend of £0.8m on Information and Technology, mainly relating to not fully utilising all of the funds allocated for Microsoft Teams licensing and the Contact Centre, and also from vacant posts and reduced printing expenditure.
47. The Corporate Asset Investment Fund (CAIF) has a net £0.5m additional costs due to Environmental damage relating to illegal waste disposal at a County Council tenanted farm, Firs Farm, Husbands Bosworth. The Tenant has since absconded and it has become apparent that criminal activity relating to illegal waste disposal was occurring on the farm. Due to legal complications relating to the status of the Tenant, the Council was unable to regain possession of the farm until May 2020. A remediation strategy for the farm is now agreed with the Environment Agency. The Council will shortly be undertaking a tendering exercise for the removal and proper disposal of the waste on the farm and reinstatement of the farmland with a view to undertaking the work in summer 2022. The latest estimate of costs is £2.4m which has been set aside in an accounting Provision in 2021/22 to recognise the liability. The available balance in the CAIF reserve of £1.9m has been withdrawn to fund the Provision with the balance of £0.5m needing to be funded by the departmental budget.

Central Items

48. Capital Financing - £1.1m increased contribution to the capital programme. This relates to the use of additional proceeds from the 2019/20 (75%) Business Rates Pilot becoming available in 2021/22 (see below). The additional funds will be used to support the capital programme and reduce the overall funding required.
49. Central Expenditure/ Grants - £1.9m underspend. This is mainly relating to additional interest income from the financial returns of the £20m the Council invested in Private Debt, through the CAIF programme. These investments have started to be repaid resulting in the investment and interest returns having been received. In addition, recent increases in the Bank of England interest rate has resulted in higher investment returns on balances invested than previously forecast.
50. Other items (including prior year adjustments) show a net underspend of £1.5m mainly due to a review of prior year open purchase orders and other liabilities that are no longer expected to be incurred.
51. Contribution to the budget equalisation earmarked reserve has resulted in a £5.6m overspend. The forecast contribution has been increased by £5.6m to match the forecast increase in the DSG High Needs deficit mentioned earlier in the report. This is needed due to the cashflow impact of the additional expenditure. The overspend continues to be accounted for against the grant with the expectation that it will ultimately be repaid.
52. The inflation contingency has overspent by £0.4m. The main reason for this is that the 2021/22 pay award exceeded the original MTFS assumption.

Increasing Inflation Pressures

53. Since the 2022-26 MTFS was agreed back in February 2022, world events have meant that the provision included for inflation looks to be understated.

54. Front and foremost is the impact of the war on Ukraine, especially with it coming on the back of the global pandemic. The war, which is expected to be protracted, and the resulting sanctions against Russia have caused commodity prices to increase significantly.
55. This has resulted in economic commentators revising their opinion from initially expecting a sharp spike in inflation that would fall back quickly to more manageable levels, there is now more of a growing feeling that the magnitude of the increase will be greater than previously forecast. Furthermore, and perhaps more worryingly, that it will be more widely felt (across more economies and more commodities) and also is likely to persist for longer with parallels being drawn to the 1970s. Key factors in this are the continuing pressure on labour supply in many 'contact intensive' industries following Covid-19 as well as greater and longer than expected disruption to supply chains.
56. As a result, economic growth around the world is expected to be hit significantly, and the International Monetary Fund is suggesting the UK economy will be hit harder than most. Latest estimates suggest growth of 3.7% this year, down 1% on January forecasts. It is widely expected that most major economies are likely to experience a recession in the next 18 months.
57. In order to try to suppress inflation, central banks around the world are raising interest rates which, as well as suppressing spending, also increases the cost of repaying the significant debts incurred by many nations to manage the impact of the pandemic.
58. This will affect household budgets as the interest rate rises will directly hit through increased mortgage payments; this is on top of the well documented impact from escalating energy/fuel and food prices. Higher living costs will lead to upward pressure on wage inflation, which will hit local authorities both directly through future pay awards for their own staff and indirectly through contractual renewals as service providers, already suffering with recruitment and retention problems for key services, will inevitably have to raise prices significantly in order to continue to be viable. This will be compounded by the impact of the potential National Living Wage (NLW) increases, which are now being forecast to be greater than expected when the budget was set.
59. Significant funding was set aside in the MTFS but this is now not expected to be sufficient. Key assumptions made at the time the MTFS was set and what is now being expected are shown in the table below. Due to contract renewals, inflation typically hits the Council's budgets in arrears and so it might not be until 2023/24 that the significant upward projections for 2022 impact.

	MTFS	Updated
Pay awards	2.5% per year (plus 0.5% bottom loading)	3% per year (plus 0.5% bottom loading)
NLW/ASC fee review	5% each year	An average of 6.5%
Running costs	6% in 22/23 and 3% in later years	6% in 22/23, 9% in 23/24, 5% in 24/25 and 3% in 25/26

60. The overall impact of the changed assumptions on the required inflation contingency are shown in the table below. It shows that the impact in 2022/23 is £3m, but with no mitigating actions this will rise significantly to £16m in 2023/24 and will add £31m to the MTFS gap by 2025/26.

	22/23 £m	23/24 £m	24/25 £m	25/26 £m	Total £m
MTFS	29	15	14	14	72
Updated	32	31	22	18	103
Increase	+3	+16	+8	+4	+31

61. There is clearly a huge amount of uncertainty in these figures and they are also sensitive to key assumptions. For example, national living wage (NLW) range projections by the Low Pay Commission (LPC) suggest it could increase to between £10.95 and £11.33 by April 2024. The updated assumptions above assume the mid-point of this range but the table below shows how the requirement would change if it transpired at the bottom of the range and at the top of the range. Essentially, it would make over £6m difference either way if the highest or lowest projections for NLW by April 2024 resulted.

	23/24 £m	24/25 £m	25/26* £m	Total £m
Bottom of range	-3	-3	-0.3	-6.3
Top of range	+3	+3	+0.3	+6.3

* No forecasts by LPC for this year – 5% increase assumed

62. Other uncertainties exist around the pay award for Council staff, both in absolute terms and its interaction with the NLW increases which require a contraction of the low end pay scales to maintain headroom from the minimum wage.
63. There is also significant uncertainty arising from the potential impact of the Adult Social Care reforms. This could also mean the assumptions around the impact of the fee review, and more widely in terms of service demand and levels of service user income (in terms of the gap between self-funders and council funded service users will look like when inflation stabilises to more reasonable levels) prove to be inaccurate.
64. The nature of and restrictions on the Council's key income sources to fund gross revenue costs gives limited ability to respond to inflationary pressures. A breakdown of the key income streams is included in the table below.

Income source	Expected £m	% of total	Prospects for increasing
General income:			
Council tax	355	44	Limited by Government cap – possibility may be restricted to help cost of living pressure
Business rates	74	9	Index linked
General grants	44	5	Determined by Government

Specific grants/user income:			
Adults and Communities	123	15	On service user income, partial link to cost increases, but debt levels increase, and people require County Council support sooner Previously around half of the income has come from health. Traditionally this has increased with inflation but there are no guarantees.
Children and Families	134	16	Mostly grant – determined by Government. High Needs already under significant pressure
Public Health	28	3	Mostly grant – determined by Government
Corporate Resources	36	4	Mostly income from commercial services and investments - likely to be heavily impacted by wider economic environment
Environment and Transport	15	2	Range of smaller income streams (e.g. bus income, charges to external bodies, recycling)– likely to be impacted by wider economic climate
Other	6	1	Range of smaller income streams (e.g. registrars, planning, treasury management) – likely to be impacted by wider economic climate

65. Much of the Council's income is dependent on allocations from Government, or in the case of Council Tax, what Government permits. Other income sources are dependent on the state of the wider economy. Corporate Asset Investment income could also be under threat if smaller business, located at council owned business units begin to struggle to maintain viability. Also, commercial services income is likely to be affected as individuals need to manage the impact of cost-of-living increases. This will also impact on the ability of services to make charges to service users where service users' personal financial circumstances become increasingly challenging.
66. Inflationary pressures will also impact significantly on delivery of the capital programme. Delivery of an estimated £129m of capital schemes and initiatives is anticipated in 2022/23 (£514m over the four-year programme) funded between external grants/contributions and discretionary funding set aside for capital investment.
67. The biggest capital risk area is around the major transport schemes where pressures already exist in terms of delivery cost escalation. This is linked in part to inflation, but also shortages of appropriate skills as well as issues such as planning delays and reaching agreement with developers. Whilst mitigations are being put in place to improve how schemes are managed, delivered and monitored and financial contingency is provided through wider portfolio risk provision, it is unlikely to be sufficient given that the current economic outlook is going to exacerbate these existing underlying issues.

68. There is already evidence of significant cost escalation in the delivery of new schools and related education infrastructure. This will in turn lead to additional requests for funding from developers with the potential implications of stalled development and new housing needs not being met. This is expected to be managed in the short term by a larger than expected schools grant, but sustained inflation will not be covered.
69. The capital programme currently has an identified £143m funding shortfall, with the intention to fund from internal cash balances. Whilst interest rate rises will help to generate better returns on cash balances and other related investments, these increased returns will be lower than the additional cost burdens arising from higher inflation levels and so the net position will be detrimental.
70. There are a number of things the Government can do to help mitigate the financial pressures on local government, as have already been mentioned, including ensuring council tax caps are not held at too low a level, given it is the main income source and the only one over which local authorities have any significant control.
71. Restricting National Living Wage increases to the lower end of the range will help to reduce demands on council budgets, but will be unpopular in the face of soaring cost of living pressures. Similarly, a more generous settlement for general and specific grants will help but this needs to be coupled with a degree of certainty over the medium term rather than one-off allocations that make longer term financial planning even more challenging than it already is.
72. However, the Government's hands are clearly tied by the wider economic pressures facing the country. Therefore, there is a continued need to find additional savings and deliver other initiatives that will help close the financial gap. The existing MTFS already had a gap of £8m in 2023/24 rising to £40m by 2025/26. The revised assessment of inflationary pressures set out above will mean this grows to £27m in 2023/24 and £71m by 2025/26.

Business Rates

73. Additional Business Rates income of £2.6m has been received in 2021/22. Of this £1.1m relates to the balance arising from the 2019/20 (75%) Business Rates Pilot, which will be used to provide additional funds for the capital programme.
74. The provisional outturn position of the 2020/21 Leicester and Leicestershire Business Rates Pool shows a total retention of £9.5m. The final position was expected to be reported in December 2021, after the completion of the external audits. However, the audit process has been prolonged and is still to be complete at some of the Districts. In addition, the Department for Levelling Up, Housing and Communities (DLUHC) has issued a "Calculator", but there appears to be an error within it. A response from DLUHC is awaited. The latest forecast of the 2021/22 position shows a projected retention of around £10.5m. Provisional calculations will be possible when the end of year NNDR3 returns from the Districts are available in July 2022.

Council Tax

75. The 2021/22 revenue budget included a provision of £9m for the potential impact of Covid-19 on levels of council tax (and business rates) funding. The position has improved compared to the original forecasts, but it is not possible to assess accurately the levels of reductions in the funding streams, particularly as Government funding for furlough only ended on 30 September 2021 and similarly some sectors will receive business rates relief until 31 March 2022. The full impacts of unemployment and business closures are likely to be seen in 2022/23. £4m has been set aside in an earmarked fund for future uncertainties with the balance of £5m being released as it looks unlikely that the full provision will be required for this purpose.

Overall Revenue Summary

76. Overall, there is a net underspend of £7.9m. This will be used to fund the following additional spending requirements:
- £3.6m set aside in the budget equalisation reserve for additional risks to the Council, for instance the Children and Family Services Early Years DSG additional spending which is subject to further actions to enable recovery.
 - £1.1m contribution to the Transformation earmarked fund.
 - £3.2m additional funding for increased risk of inflation, added to the budget equalisation reserve.

General Fund and Earmarked Funds

77. The uncommitted General Fund balance as at 31 March 2022 stands at £18m which represents 3.8% of the 2022/23 revenue budget, in line with the County Council's earmarked funds policy. The MTFS includes further analysis of the County Council's earmarked funds including the reasons for holding them.
78. The total level of earmarked funds held as at 31 March 2022 total £196m including schools and partnership funding. They can be summarised as below:

Revenue Purposes	£105m
Capital Purposes	£98m
Schools	-£24m
Partnerships	£17m
Total	£196m

79. Earmarked funds are shown in detail in Appendix C. The main earmarked funds are set out below.

Renewals of Vehicles and Equipment (£4.0m)

80. Departments hold earmarked funds for the future replacement of vehicles (the County Council has a fleet of around 350 vehicles) and equipment such as ICT.

Insurance (£15.7m)

81. Earmarked funds of £10.3m are held to meet the estimated cost of future claims to enable the Council to meet excesses not covered by insurance policies and smooth fluctuations in claims between years. The levels are informed by advice from independent advisors. Excesses include:
- Property damage (including fire) £500,000
 - Public / Employers' liability £375,000
 - Professional indemnity £25,000
 - Fidelity guarantee £100,000
 - Money – completely self-insured.
82. The uninsured loss fund of £5.4m is required mainly to meet potential liabilities arising from Municipal Mutual Insurance (MMI) that is subject to a run-off of claims following liquidation in 1992. The fund also covers the period before the Council purchased insurance cover and any other uninsured losses.

Children and Family Services

83. Supporting Leicestershire Families (£0.7m). This earmarked fund is used to fund the Supporting Leicestershire Families service which is providing early help and intervention services for vulnerable families across Leicestershire. This is required to augment insufficient government grant funding. A review needs to be undertaken regarding the future levels of service compared with the funding available.
84. Children and Family Services Developments (£2.1m). This provides funding for a number of projects such as improving management information, information access and retention and responding to changing requirements as a result of OfSTED and legislation.

Adults and Communities

85. Adults and Communities Developments (£2.3m). This earmarked fund is held to fund a number of investments in maintaining social care service levels and assisting the Department in achieving its transformation.

Public Health

86. Public Health (£11.3m) – to fund Public Health initiatives within Leicestershire. The fund has increased as at year end for various government grants that have been carried forward to 2022/23 or where the grant conditions have already been met, and for the Departmental underspend at year end as mentioned earlier in the report. The Department has a detailed plan of public health initiatives, including those relating to Covid-19, to be implemented over the next two to three years.

Environment and Transport

87. Commuted Sums (£3.3m). This funding, received from housing developers, is used to cover future revenue costs arising from developer schemes where the specifications are over and above standard developments, e.g. block paving, bollards, or trees

adjacent to the highway. These liabilities can arise many years after the funding is received and therefore the balance on this earmarked fund has built up over time.

88. Leicester and Leicestershire Integrated Transport Model (LLITM) (£1.6m). This earmarked fund is income from charging other local authorities for using the model. Surplus income is added into the fund and will be used to finance activity to refresh the model when required.

Corporate

89. Transformation Fund (£7.5m). The fund is used to invest in transformation projects to achieve efficiency savings and also to fund severance costs. To achieve the level of savings within the MTFS the Council will need to change significantly, and this will require major investment, including in some of the core 'building blocks' of transformation such as improvements to data quality, and improvements to digital services enabling more self-service.
90. Broadband (£2.4m). This fund was established to allow the development of super-fast broadband within Leicestershire. There is a significant time lag in spending County Council funds as a result of securing grant funding from Central Government and the European Regional Development Fund (ERDF) that required those funds to be spent first and within a set period.
91. Budget Equalisation (£36.5m). This manages variations in funding across financial years. This includes the increasing pressures on the High Needs element of the DSG which is in deficit by £28.6mm at the end of 2021/22. The Children and Family Services Department is investigating a number of actions that could over the course of the MTFS reduce demand and therefore the overall deficit.
92. Voluntary Minimum Revenue Provision (MRP) – at year end £12m of the balance held with the Budget Equalisation fund has been redirected as voluntary minimum revenue provision (MRP). This has the effect of potentially reducing the amount of revenue funding that needs to be set aside to fund the historic borrowing costs of loans taken out to fund the capital programme. The Council can decide at a later date if it wishes to utilise this voluntary 'overpayment' in lieu of future statutory MRP in order to make a revenue saving in the future. The level of external borrowing as at 31 March 2022 was £262.6m.
93. Covid-19 Council Tax and Business Rates (£4.5m). Earmarked fund to meet estimated income reductions due to Covid-19.
94. Pooled Property Fund(s) (-£24.5m). The Cabinet previously approved the investment of £25m of the Council's earmarked funds into pooled property funds. The investments are held to achieve higher returns than if the funds were invested as cash and return an annual contribution of c. £1m. The investment is funded from the overall balance of earmarked funds and can be realised in the future when required. The Council also holds investments in Private Debt funds, which include a cumulative unrealised gain of £0.5m, this is offset within the £25m.

Capital

95. Capital Financing (£122.7m). This fund is used to hold MTFs revenue contributions required to fund the approved capital programme in future years. The increase at year-end is due to the overall level of slippage on the capital programme in 2021/22. In addition, when funding actual capital expenditure and as revenue funding is less restricted than capital funding, which can only be used to fund new capital expenditure, balances from this fund are used last.

Other / Partnerships Earmarked Funds

96. DSG (deficit of £24.1m). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School and Early Years Finance (England) Regulations. This fund is earmarked to meet the revenue costs of commissioning places in new schools, early years and to support pressures on the High Needs block. A summary is shown below:

	Schools Block	Early Years Block	High Needs Block	Total
	£m	£m	£m	£m
As at 31 March 2021	6.5	-0.1	-17.5	-11.1
Changes 2021/22	2.4	-4.2	-11.2	-13.0
As at 31 March 2022	8.9	-4.3	-28.7	-24.1

97. Within the Schools block funding, future DSG allocations for schools growth will be retained and added to the earmarked fund to support the revenue costs of commissioning new schools. The deficit on the High Needs block will increase in the medium term until the savings arising from the High Needs Development Plan are delivered. The deficit on the Early Years block will be offset by any additional grant that may be received from DfE from a revised 2021/22 census, and the recovery of Covid-19 payments to providers. In the short term the surplus on the Schools block will partially offset the high needs and early years deficits.
98. Health and Social Care Outcomes (£14.9m) used in conjunction with Health partners across Leicestershire. This includes £7m transferred to the County Council by Health partners during 2021/22.
99. Leicestershire and Rutland Sport (£1.4m). The main purpose of this earmarked fund is to hold partner contributions until expenditure on the agreed activities has been incurred. A significant part of the services' funding from external agencies is uncertain in nature, so the earmarked fund also allows management of funding variations and a redundancy provision.

CAPITAL PROGRAMME

100. The updated capital programme for 2021/22 totals £119m. This follows a review of the programme undertaken in July 2021 and approved by the Cabinet in September 2021.
101. A summary of the capital outturn for 2021/22, excluding schools devolved formula capital, is set out below:

Programme Area	Updated Budget £000	Actual Expenditure £000	Net Variance £000	%
Children and Family Services	38,826	26,535	(12,291)	68%
Adults and Communities	5,194	5,023	(171)	97%
Environment and Transport	61,401	41,120	(20,281)	67%
Chief Executive's	2,293	1,290	(1,003)	56%
Corporate Resources	8,438	6,996	(1,442)	83%
Corporate Programme	2,429	1,173	(1,256)	48%
Total	118,581	82,137	(36,444)	69%

102. A summary of the net variance is shown below:

Programme Area	Underspend £000	Overspend £000	Slippage £000	Accelera- tion £000	Total £000
Children and Family Servs.	(44)	44	(13,095)	804	(12,291)
Adults and Communities	(400)	179	(99)	149	(171)
Environment and Transport	(455)	396	(21,119)	897	(20,281)
Chief Executive's	0	0	(1,003)	0	(1,003)
Corporate Resources	(148)	267	(2,276)	715	(1,442)
Corporate Programme	0	20	(1,449)	173	(1,256)
Total	(1,047)	906	(39,041)	2,738	(36,444)
	Net Underspend	141	Net Slippage	36,303	

103. The net underspend of £0.1m has been added to the capital financing earmarked fund to reduce the level of internal borrowing required for the new MTFs capital programme. The net slippage of £36.3m has been carried forward to the capital programme 2022-26 to fund delayed projects.

104. A summary of the key projects delivered and main variations are set out below. Further details of the main variations are provided in Appendix D.

105. Appendix E compares the provisional prudential indicators with those set and agreed by the Council at its budget meeting in February 2021. These are all within the limits set, except for the actual financing costs as a percentage of net revenue stream due to the inclusion of the £12m voluntary MRP contribution made at year end, mentioned earlier in the report. Without this additional contribution the indicator is 3.52%, which is within the target set. The actual capital financing requirement (the balance required to fund historic borrowing for the capital programme) has been reduced to £214m as a result of the voluntary MRP contribution.

106. A review of the 2022-26 capital programme will be undertaken during the summer 2022 in light of delays to project delivery and emerging financial pressures on large capital projects due to increasing costs of raw materials and inflation. An updated capital programme will be reported to the Cabinet in September 2022.

Children and Family Services

Key Projects Delivered

107. Creation of additional school places completing projects at nine different schools. A total of 916 new primary school places and 150 new secondary school places were delivered. The SEND programme saw the completion of several schemes to support the High Needs Development Plan. Three new units for pupils with either social, emotional and mental health (SEMH) needs, or communication and interaction (C&I) needs were delivered, alongside the expansion of existing SEND provisions in the specialist Early Years, Primary and Secondary sectors.

Main Variances

108. The year-end position shows a net variance of £12.3m compared with the updated budget. The main variances are due to slippage on:

- the provision of Primary Places - £8.4m due to complex schemes involving several parties, an area that is implementing age range change issues with legal agreements and the rejection of a planning application.
- SEND Programme - £2.3m due to delays in identifying sites and drawing up legal agreements.
- Strategic Capital Maintenance - £0.7m, elements of works can only be completed outside of school term time. The 2021/22 allocation was not announced until the end of April and was a significant increase on the expected level of grant. This delay resulted in issues securing contractors for the Summer half-term and closure periods.
- Assessment and Residential Multi-Functional Properties - £0.6m slippage due to the lack of suitable properties in the market.

Adults and Communities

Key Projects Delivered

109. Social Care Investment Plan (SCIP) – investment of £0.5m across several properties, including purchase and refurbishment works. Additional works planned to take place in 2022/23. These sites will provide new accommodation for both transitions and supported living service users.

110. Other - £4.4m passporting of government Disabled Facilities Grant to Leicestershire district councils, and £30,000 investment in Changing Places – a new facility was built and is ready for use in Whitwick and Coalville Leisure Centre.

Main Variances

111. The outturn shows a net variance of £0.2m compared with the updated budget. The main variance is due to underspend on the Hamilton Court/Smith Crescent Scheme following Cabinet approval that a short breaks facility was no longer required on this site.

Environment and Transport

Key Projects Delivered

112. A total of £9m has been spent on the preparation and delivery of major projects in 2021/22, including:

- M1 J23/A512, £4.3m – the detailed design and construction of improvements to ease congestion and provide access to the West of Loughborough housing development commenced in 2017/18. This major scheme has continued through 2021/22 with only remedial and landscaping works still to complete in 2022.
- Melton Mowbray Eastern Distributor Road, £2.6m – the project to build the distributor road to the north and east of Melton Mowbray to ease congestion in the town centre and facilitate growth, a full business case is expected to be submitted to the DfT later in 2022.
- A511 Major Road Network scheme, £0.9m - to tackle longstanding congestion and traffic related problems on the A511 between Leicester (M1 Junction 22) and the A42 commenced 2019/20 with a completion on site anticipated in 2026.

113. A total £19m was also invested in Highways Asset Maintenance, including:

- £15.6m on carriageways
- £1.1m on footways and rights of way
- £0.4m on bridge maintenance and strengthening
- £1.6m on street lighting maintenance
- £0.3m on flood alleviation
- £0.2m on traffic signal renewal

114. A total of £9m has been invested in Environment and Waste improvement works, including Recycling and Household Waste Sites (RHWS):

- New Waste Transfer Station (WTS) at Bardon - £7m. To ensure ongoing environmental compliance and efficient service provision. Site development in 2021/22 and started to accept waste Spring 2022.
- Kibworth Site Redevelopment - £1.8m. To implement best practice for recycling and household waste sites. It is being reconfigured to a new split-level surface, provide more recycling facilities and ease of use and better traffic flow for safer access for site users through improved segregation of HGV and pedestrian traffic. In addition, there will be substantial improvements to site drainage.

Main Variances

115. The Department's outturn is a net overall net slippage of £20.3m. The main variances are:

- Melton Mowbray Distributor Road, North and East Sections - £6.4m. Slippage arising from a reduction in pre-works and a lower than anticipated rate of spend.
- Hinckley Hub (Hawley Road) – National Productivity Investment Fund (NPIF), £3.2m slippage due to delays in the evaluation of tenders and a subsequent pause in the programme over the Christmas period to avoid traffic flow concerns.

- Melton Mowbray Distributor Road, Southern Section - £1.9m slippage due to signing of legal agreement of terms for funding from Homes England taking longer than expected resulting in a delay to works.
- Safety Schemes, £1.4m slippage due to impacts from Covid-19 delaying the programme, delays caused by a reprioritising works, resourcing issues, and redesigning of programmes. In addition, Parish Councils have been slower than expected to claim grants offered by the County Council.
- Kibworth Site Redevelopment, £1.4m slippage due to a more accurate estimation of value of works completed during the 2021/22 financial year.
- M1 Junction 23, £1.1m slippage due to delays on site relating to landscaping and maintenance works which are now expected to complete in the summer of 2022.
- Vehicle Replacement Programme, £1.0m slippage due to the lead in time for purchase of vehicles, delays due to procurement procedures and ongoing work relating to a business case for green vehicles.
- Transport Asset Management – Capital Maintenance Schemes, £1.0m slippage due to design fees on major projects being less than anticipated and delays to footway projects.
- Waste Transfer Station - £0.6m slippage due to snagging issues relating to construction work and delays in delivery of equipment.
- Recycling House Waste Sites - General Improvements, £0.6m slippage relating to lead in times on mobile plant.
- A511 Major Road Network, £0.5m acceleration due to additional design and planning work being completed to ensure revised timelines are achieved.

Chief Executive's

Key Projects Delivered

116. The Rural Broadband Scheme phase 3 saw £1.2m invested during 2021/22. The County Council has committed to seeking all available options to achieve universal superfast broadband coverage across the County. Phase 3 of the Superfast Leicestershire programme is a key component in working towards this commitment.

Main Variances

117. The year end position is a £1m variance due to slippage on the rural Broadband phase 3 programme.

Corporate Resources

Key Projects Delivered

118. Investment in the ICT infrastructure of £0.6m, including replacement of internal firewalls, and Cisco core network switch replacement.

119. As part of the Workplace Strategy / Ways of Working programme (a £12.8m scheme to deliver ongoing revenue savings in the region of £1.4m annually) the Council invested £2.2m during 2021/22 which includes new end user devices and improvements to the property infrastructure.

120. A total of £0.7m has been spent on works at Sysonby Farm, Watermead Country Park and the Snibston Masterplan which included works to the children's play area and café on the former Snibston Discovery site. A heritage and mountain bike trail were installed at the Country Park together with a cycle path leading to the town centre.
121. The County Council has also invested £3.7m on de-carbonisation schemes to reduce its carbon footprint. This includes solar panels and LED lighting at County Hall and Embankment House, air source heat pumps at Beaumanor Hall, and an extension to the biomass boiler network at County Hall to include Anstey Frith House and the sports pavilion.

Main Variances

122. The year end position shows a net variance of £1.4m compared with the updated budget. The main variances relate to:
- a. Climate Change – Energy Strategy Schemes, slippage of £1.1m due to consideration of leases for the Score + Schools programme, tender process taking longer than anticipated delays relating to the planning permission and reworking costing estimates. Also due to a lack of staffing resource.
 - b. Watermead Country Park, footbridge, slippage of £0.4m due to play equipment there not being transferred to the County Council's ownership by year end.
 - c. Workplace Strategy Property – Office Infrastructure, slippage of £0.4m due to delays in the implementation of the future office model pilot.
 - d. Workplace Strategy ICT – End User Devices (PC, Laptop), acceleration of £0.8m due to a more ambitious plan due to Covid-19.

Corporate Programme

Key Projects Delivered

123. During 2021/22, £1.2m was spent on improvements to industrial estates, county farms and completion of Airfield Business Park phase 2.

Main Variances

124. The year-end position shows a net variance of £1.3m compared with the updated budget. The main variances relate to:
- CAIF - Lutterworth East, planning and pre-highway construction works, £0.7m slippage due to delay in obtaining planning permission.
 - CAIF - Industrial Properties Estate, general improvements, £0.3m slippage as projects not come forward due to lower than expected lease turnover, resulting in fewer refurbishment/upgrade projects.

Capital Receipts

125. The target for new capital receipts for 2021/22 was £2.8m. The actual receipts received for 2021/22 total £7.1m. This includes £6m from the sale of land beside Snibston country park which was budgeted for in 2022/23. As a result, the net surplus

of £4.3m will be carried forward to 2022/23 to give a revised 2022/23 target of £1.7m for new capital receipts in that year. The latest estimates for new capital receipts forecast that this is achievable.

Capital Summary

126. Overall £82m was invested in capital projects in Leicestershire during 2021/22.
127. Overall spend was less than budget by £36.4m. A review of the 2022-26 capital programme will be undertaken during the summer 2022 and reported to the Cabinet in September 2022.

Corporate Asset Investment Fund

128. A summary of the Corporate Asset Investment Fund (CAIF) position for 2021/22 is set out below:

Asset Class	Opening Capital Value £000	Capital Incurred 2021/22 £000	Net Income £000	Budget Net Income £000	Actual Net Inc. Return %
Office	52,411	18	2,811	2,735	5.4%
Industrial	24,244	262	1,368	979	5.6%
Distribution	457	0	-10	-2	-2.2%
Rural	28,584	183	-2,041	373	-7.1%
Other	4,688	0	147	167	3.1%
Development	36,035	664	-457	-46	-1.2%
Funding released from CAIF reserve			1,864		
Subtotal Direct Property	146,419	1,127	3,682	4,206	2.5%
Pooled Property	24,305	0	878	900	3.6%
Private Debt	16,640	8,173	1,648	754	6.6%
TOTAL	187,364	9,300	6,208	5,860	3.2%

129. Overall CAIF income (including pooled property and private debt) is £6.2m. This is £0.3m in excess of the budget. Major variances are shown below and are split between direct property and indirect holdings, namely the pooled property and private debt holdings.
130. The direct property outturn of £3.7m is adverse to budget by £0.5m. This is wholly due to a charge taken in the last quarter regarding the remediation works required at Firs Farm. The expected costs for remediation are estimated at £2.4m. The CAIF reserve, built up over previous years from surplus CAIF income and held to fund major expenditure items, has been released to fund a provision for the estimated costs (£1.9m). However, an additional £0.5m was also required to be made at year end, from the Corporate Resources department budget, to bring the total value of the provision to £2.4m.

131. The indirect income portion of the CAIF consists of pooled property investments and private debt investments. Pooled property returned £0.9m of income and private debt returned £1.6m during the year. The original 2017 private debt investment is now also returning capital from loans made being repaid and as such a follow on commitment was made in 2021 to maintain an allocation to this asset class. The income from the 2017 private debt investment will reduce over 22/23 whilst the capital is repaid.
132. It should be noted that the year end valuations for the underlying direct property portfolio are yet to be finalised. At present capital incurred year to date is included within the closing capital valuation only. Pooled property and private debt are valued as at 31st March 2022. Final valuations will be reported in the annual CAIF performance report to the Cabinet in September 2022.

Equality and Human Rights Implications

133. There are no direct equality or human rights implications arising from the recommendations in this report.

Circulation under the Local Issues Alert Procedure

None.

Background Papers

Report to the County Council on 17th February 2021 - Medium Term Financial Strategy 2021-2025 - <https://politics.leics.gov.uk/leListDocuments.aspx?CId=134&MId=6476>

Report to the Cabinet – 27th May 2022 – Provisional Revenue and Capital Outturn 2021/22
<https://politics.leics.gov.uk/documents/s169173/Provisional%20Outturn%20Report%20-%20FINAL.pdf>

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Appendices

Appendix A - Comparison of 2021/22 Expenditure and the Updated Revenue Budget
Appendix B - Revenue Budget 2021/22 – main variances
Appendix C - Earmarked Fund balances 31/3/22
Appendix D - Variations from the updated 2021/22 capital programme
Appendix E - Prudential Indicators 2021/22

REVENUE BUDGET 2021/22 - OUTTURN STATEMENT

	Updated Budget	Actual Expenditure	Difference from Updated Budget	
	£000	£000	£000	%
<u>Schools Budget</u>				
Schools	78,046	75,666	-2,380	-3.0
Early Years	35,855	40,048	4,193	11.7
DSG Funding	-113,901	-113,901	0	0.0
	0	1,813	1,813	
<i>Earmarked fund - start of year</i>			-6,415	
<i>Earmarked fund - end of year</i>			-4,602	
High Needs	82,805	94,030	11,225	13.6
Dedicated Schools Grant (DSG)	-82,805	-82,805	0	0.0
	0	11,225	11,225	
<i>Earmarked fund - start of year</i>			17,512	
<i>Earmarked fund - end of year</i>			28,737	
<u>LA Budget</u>				
Children & Family Services (Other)	90,486	86,823	-3,664	-4.0
Adults & Communities	157,721	160,157	2,437	1.5
Public Health *	-1,323	-1,323	0	n/a
Environment & Transport	84,673	80,967	-3,706	-4.4
Chief Executives	12,802	12,874	72	0.6
Corporate Resources	35,381	36,511	1,130	3.2
DSG (Central Dept. recharges)	-2,285	-2,285	0	0.0
MTFS risks contingency	8,000	8,000	0	0.0
Covid-19 Budget	28,300	28,300	0	0.0
Contingency for Inflation	-442	0	442	-100.0
Total Services	413,312	410,023	-3,289	-0.8
<u>Central Items</u>				
Financing of Capital	19,000	19,055	55	0.3
Revenue funding of capital	2,500	2,500	0	0.0
Revenue funding of capital- use of BR Pilot income	0	1,049	1,049	n/a
Central Expenditure	3,049	2,753	-296	-9.7
Central Grants and Other Income	-43,508	-45,418	-1,910	4.4
Other Items (including prior year adjustments)	0	-1,500	-1,500	n/a
Total Central Items	-18,959	-21,561	-2,602	13.7
Contribution to budget equalisation earmarked fund	4,000	9,600	5,600	140.0
Contribution to General Fund	1,000	1,000	0	0.0
Total Spending	399,353	399,061	-292	-0.1
<u>Funding</u>				
Business Rates - Top Up	-40,346	-40,346	0	0.0
Business Rates Baseline / retained	-24,181	-25,495	-1,314	5.4
S31 Grants - Business Rates	-4,900	-5,167	-267	5.4
Business Rates Pilot - one-off additional income	0	-1,049	-1,049	n/a
Council Tax Collection Funds - net deficit	1,574	1,574	0	0.0
Council Tax Precept	-336,934	-336,934	0	0.0
LCTS Grant	-3,566	-3,568	-2	0.1
Provision for impact of Covid-19 on funding	9,000	4,000	-5,000	-55.6
Total Funding	-399,353	-406,985	-7,632	1.9
Net Total	0	-7,924	-7,924	
<u>USE OF UNDERSPEND</u>				
C&FS - increase bud equalisation reserve re EY	0	3,600	3,600	
Transformation	0	1,100	1,100	
Inflation -increased risk	0	3,224	3,224	
	0	7,924	7,924	

* Public Health funded by Grant (£25.5m)

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Revenue Budget 2021/22 – main variances**Children and Family Services****Dedicated Schools Grant**

There is a net overspend of £13.0m. The main variances are:

	£000	% of Budget
Special Educational Needs	6,316	8%
Increased demand on the budget. The SEND Capital Programme is developing new resource bases with the aim of reducing the reliance on expensive independent sector places. During 2019/20 and 2020/21 a number of these bases welcomed their first cohort of students, with more places filled during the 2021/22 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 will not be seen until future years. Additionally, the numbers of pupils in mainstream settings that receive top-up funding is rising rapidly.		
DSG High Needs Block (HNB) earmarked fund drawdown	5,650	n/a
The DSG budget includes an estimated HNB drawdown of £5.7m as the forecast in year overspend.		
Early Years / Nursery Education Funding	4,193	12%
Summer term hours hadn't been 'unstretched' when submitting the census which has resulted in approx. £1.7m less grant received at year end. This has not been an issue in previous years as only the spring term data has been used for census collection where no or minimal stretching occurs. The summer term census has been recalculated and a request has been made to the DfE to adjust grant funding based on revised census - awaiting outcome. This could result in approx. £1.7m increase to grant but will not be reflected until 2022/23. There is also a £1.8m overspend due to additional payments to providers to keep them solvent through Covid-19.		
Schools Growth / Budget Allocations	-2,228	n/a
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.		
DSG Income	-417	1%
Increase in 2021/22 High Needs DSG announced after budget setting.		
Education of Children with Medical Needs	-198	-36%
This area includes a budget for a number of high needs placements, which has not been fully utilised in 2021/22.		
Specialist Services to Vulnerable Groups	-79	-3%
This area has carried a number of vacancies at various points throughout the financial year, resulting in a small staffing underspend.		
Other variances	-199	n/a
TOTAL	13,038	n/a

Local Authority Budget

The Local authority budget is underspent by a net £3.7m (4.0%). The main variances are:

	£000	% of Budget
Children's Social Care - Inclusive of Children in Care, Fieldwork and Safeguarding Services	551	2%

The majority of this overspend pressures is due to staffing pressures. Nationally there is a shortage of qualified of social worker staff, recently acknowledged through further work indicating a 6% reduction nationally in applicants to undertake social work training. Further research is showing qualified social work staff do not remain in front line work on average for more than 8 years. There is also a growing number of staff moving to agency work for inflated rates of pay. All of these factors and issues are all very prevalent within Leicestershire too, and despite positive recruitment and retention activities, such as increasing number of staff undertaking the Apprenticeship Social Worker course, and Leicestershire paying market premia payments to try ensure average pay is more in line for similar posts across the region, the challenging market which still continues to see supply of social workers being limited and agencies and some nearby LA's continuing to pay more, have resulted in continued pressures and challenges for social care service budgets in Leicestershire. Furthermore, there are currently still issues within certain frontline social care localities. For instance, at Wigston – Bassett Street it has become increasingly difficult recruiting and retaining experienced Social Workers, Senior Practitioners and Team Managers. The prolonged period of instability in the team has led to higher caseloads and use of agency staff; this has further impacted on retention of experienced staff, and an additional financial pressure on the budget. In addition, in regards to section 17/23 spend for children in need, there are a number of high profile cases which require interpreting and translation services which is adding to the financial pressure on service budgets.

Children's Social Care Placements inclusive of Asylum Seekers	-3,215	-8%
Looked after Children in Care numbers increased by 8% last financial year to 705 as at 1st April 2021. The budget for 21/22 had assumed a further 8% increase in LAC numbers, LAC numbers during financial year 21/22 actually decreased by 2% to 695 LAC for Leicestershire at 31st March 2022. One of the key drivers behind this current positive position is the current active work and outcomes being achieved through the Defining Children and Family Services Programme, which as result have allowed the department to over-achieve in regards to its MTFS savings targets for 21/22. Such outcomes include reducing a number of LAC starts per year and more specifically reducing the number of residential starts per month where it was seen the current level of need of children in residential provision could be managed in alternative provision types and sustained through SMARTER planning. The subsequent impact has seen current placements numbers across various provision types at a lower level than budgeted for, both within external fostering and residential provision types. Of this overall underspend position, circa £600k relates to the Asylum Seeker budget, partly due to increased funding rates from the Home Office versus what had been set in the budget. Part of this asylum seeker budget underspend offsets additional staffing spend in other services which has been required to be put in place to manage recent pressures and demands around asylum and the national transfer scheme, which is now a mandatory scheme. Also, Leicestershire now has a hotel for asylum seekers which support adult asylum seekers. However, there have been a number of people within the hotel who are presenting as or saying they are children. This has meant there is a legal requirement on LCC to support and assess as appropriate, so whilst this budget may be underspending, it is offsetting additional staffing costs across other service areas to support this growing pressure.		
Children's Disabled Children Service	-389	-9%
Reduced demand for Homecare/Short breaks services, compared to budgeted / pre-Covid-19 level.		
HR - Premature Retirement Costs	-198	n/a
Reduced demand, some of which is as result of the impact of Covid-19.		
Vacancy Management Controls across CFS - Non essential vacant roles	-180	n/a
A planned and measured vacancy management process has been in place across the department for the whole financial year. This directive is in response to the financial pressures across social care, mainly staffing, and therefore minimise the risk of incurring any non essential spend as appropriate. Such measures will be under continual review to ensure impact on service delivery is kept to a minimum.		
Social Care Legal Costs	-127	-8%
Lower demand than expected/budgeted.		
Other variances	-106	n/a
TOTAL	-3,664	n/a

Adults & Communities

There is a net overspend of £2.4m (1.5%). The main variances are:

	£000	% of Budget
Residential Care and Nursing	11,697	12%

The £11.7m overspend arises from additional service users costs mainly due to Covid-19 (£9.0m), transitions costs from children's services (£1.4m), and loss of Income as a result of Covid-19 due to the decline in the chargeable number of service users (£1.3m). These additional costs will be offset by additional income in the region of £6.4m from the NHS discharge Covid-19 fund. There were an average of 2,430 service users with an average gross care package cost of £845 per week.		
Homecare	8,673	40%
The commissioned services budget was based on an average weekly cost of £213 per service user and 1,950 service users per week on average. The budget was prepared assuming that client numbers and average hours per client would return to pre Covid-19 levels by April 2021, both having increased due to the hospital discharge scheme. However this reduction has not occurred. At the start of the year there were 2,310 service users which by the end of the year had reduced to 2,220. The average weekly cost for 2021/22 is around £260 and the average number of service users was in the region of 2,230. The costs are also offset by £1.5m of income from Health for home care packages funded from the discharge scheme. In addition approximately £500k of arrears have been in the year.		
Supported Living Commissioned Services	5,684	28%
There has been approximately 390 service users with an average weekly cost of £1,300 with some significant new high cost users. Additional Health Funding (£2.6m) is linked to these users and overall approximately 66 users attract health funding. In addition prior year arrears of £400k and voids of £90k are being forecast. Increased package costs have also been incurred from CLC bases being closed and additional support being commissioned for Supported Living service users.		
Direct Cash Payments	216	1%
A small overspend is mainly due to being unable to recover some cash payments that have been made.		
Early Intervention & Prevention -Carers and Community assessments	157	19%
Overspend related to additional contribution agreed to support the Lightbulb project based in Blaby £60k and a £93k Lightbulb Blaby invoice relating to Q4 20/21 that wasn't accrued for and has to be paid in 21/22. Offset by savings elsewhere in Early Help and Prevention.		
NHS Discharge Income	-12,965	n/a
Income received from the Discharge Process Grant £7.9m and a one off additional grant £5m to support other additional Covid-19 costs.		
Community Income	-5,183	-24%
As a result of the shift of service users into Non-Residential Services following Covid-19, the volume of chargeable service users has increased compared to previous years. In addition the review of NHS Covid-19 funded service users has increased the number of chargeable service users on the charging run. The additional income is £1.6m.		
Health income has overachieved by £3.3m overall. New Supported Living clients have increased income by £2.9m, largely offsetting the additional expenditure incurred for these clients. New Learning Disability Pool direct payments service users have generated £0.9m of additional income. Offsetting these are home care recharges under Help to Live At Home (HTLAH), and income from the Non Weight Bearing pathway for home care, which in total is £350k below budget. These two areas are likely to be due to new service users receiving funding instead from the hospital discharge scheme.		
Better Care Fund (BCF) contribution	-998	-5%
Additional BCF funding was agreed during the year for social care protection and other schemes.		
Community Life Choices (CLC) / Day Services Team	-863	-35%
Underspend from closure of Community Life Choices (CLC) bases following lockdown and the vacancies that are being held.		
Community Life Choices (CLC)/Day Services Commissioned Services	-565	-10%
Underspend caused by reduced number of service users receiving a service following lockdown and the reopening of CLC bases with the independent sector. Return to normal provision is slower than expected.		
Reablement (HART) & Crisis Response	-499	-10%
Underspend due to staffing vacancies and challenges recruiting during Covid-19. Additional resources will be recruited to as part of the ongoing Target Operating Model (TOM) work to encourage the transfer of volumes out of HTLAH reablement into HART and this work is currently in progress. This saving is partially offset by the additional staff from a failed provider and Discharge Response Team recruited into Crisis Response Team.		
Supported Living, Residential and Short Breaks	-490	-10%
Underspend from closure of Residential and Short Break bases following lockdown and the vacancies that are being held pending an action plan.		
Care Pathway - Learning Disabilities- Working Age Adults Team	-413	-13%

Underspend due to staffing vacancies.		
Department Senior Management and Departmental Expenditure	-257	-30%
Underspend due to additional income to support departmental projects.		
Business Support	-244	-13%
Underspend due to staffing vacancies pending an Action Plan.		
Community Care Finance	-232	-20%
Underspend due to staffing vacancies.		
Care Pathway - Older Adults/Mental Health - Older Adults Team	-227	-5%
Underspend due to staffing vacancies.		
Strategic Commissioning & Quality Team	-214	-13%
Underspend due to staffing vacancies.		
Communities and Wellbeing	-207	-4%
Mainly due to underspends in staffing and additional income.		
Care Pathway - Older Adults/Mental Health - Working Age Adult Team	-188	-7%
Underspend due to staffing vacancies.		
Care Pathway - Older Adults/Mental Health - Head of Service/Lead Practitioners	-172	n/a
Underspend due to staffing vacancies and income.		
Care Pathway - Learning Disabilities- Countywide Team	-155	-22%
Underspend due to staffing vacancies.		
Direct Services Review	-112	56%
Underspend on furniture and maintenance budgets		
Other variances (under £100k)	-6	n/a
TOTAL	2,437	n/a

Public Health

The Department has a projected £0.6m net underspend, which will be contributed to the Public Health earmarked reserve, resulting in a forecast net nil position.

	£000	% of Budget
Public Health Earmarked Reserve	591	n/a
Net underspend on Public Health budgets offset by a contribution to the Public Health earmarked reserve. Uncertainties on future grants.		
Public Health Leadership	315	-1%
Overspends on Agency staff and general running costs. Additional PH Grant income used to fund NHS Agenda for Change pay increase relating to 0-19 service.		
Quit Ready	134	25%
The overspend is due to an increase in the demand for Pharmacotherapy (£100k) and an overspend on postage (£25k).		
Sexual Health	-592	-15%
Significant underspend on Out of Area Genito/Urinary Medicine (-£290,000), GP Clinic Based Services (-£131,000) and the Sexual Health Services contract (-£115,000) due to the impact of Covid on activity based services.		
NHS Health Check Programme	-326	-65%
The underspend is a result of the significant drop in these services provided and reclaimed by GPs due to the impact of Covid-19.		
Substance Misuse	-70	-2%
Reduction in the number of placements to residential rehabilitation.		
Other variances	-52	n/a
TOTAL	0	n/a

Environment and Transport

There is a net underspend of £3.7m (4.4%). The main variances are:

	£000	% of Budget
Landfill	1,039	11%
Overspend due to: - £71k due to more trade waste - £323k due to more direct deliveries to landfill - £553k increased tonnage from MBT (Mechanical Biological Treatment) contract - £92k due to an under reserve at 2020/21 year-end		
Highways & Transport Operations Services - Staffing & Admin	587	-33%
£2m revenue contribution to capital approved to support the patching budget. Partly offset by £400k over recovery of income on Highways Network Management, £430k increased capital income over recovery as a result of the contribution. £125k over recovery of income on the sign shop after a new stream of work has been conducted and vacancy savings along with an over accrual from 2020/21.		
Social Care External	494	23%
Increased costs due to a rise in demand for children's social care transport. There has also been an ongoing impact of Covid, with more solo taxi transport journeys being commissioned by ASC for vulnerable adults and less users being placed on a fleet vehicle to achieve social distancing. As a result, several ASC Fleet vehicles have been decommissioned and replaced with more taxis. A review of this is required but the outcome of the ASC review of Day Service provision is awaited that will impact on the future demand for ASC transport. This has led to an overspend on taxi services, but an underspend on social care Fleet.		
Reactive Maintenance	435	22%
Unbudgeted maintenance spend on cattle grids, kerbs conservation, specialist fencing items, the Wymeswold bank collapsing and costs for traffic management after high winds and floods impacting the need to carry out reactive maintenance.		
Environment & Waste commissioning - Initiatives	335	43%
A reduced transfer for staffing costs due to vacancies has slightly offset a contribution to reserves for market premia within waste.		
Staffing & Admin Delivery	202	13%
Overspend in relation to increased agency and call out costs to fulfil highways operations works throughout the year.		
Development & Growth	148	15%
Overspend is a result of a £246k contribution to capital in relation to Newton Europe after a capital review, partly offset by vacancy savings.		
Fleet Services	140	n/a
Overspend due to under recovery of vehicle spares and vehicle maintenance labour costs from operational areas within the County Council (mostly E&T). This has resulted in an overspend for Fleet Services, but a reduction in costs in other areas (including Highways, Passenger Fleet Transport and Winter Maintenance). Processes for recharging will be reviewed in 22/23 to ensure that full recharges are made.		
SEN External	-1,470	-10%
Underspend partly due to unspent £500k temporary Covid budget growth in final term of 2020/21 academic year. Some contracts were paused / cancelled as a result of pupil isolation due to Covid and therefore costs were lower. £250k of underspend due to over-reserve at 2020/21 year-end. Actual costs relating to January - March 2021 were lower than anticipated due to over-estimation of costs during lockdown period (fewer SEN contracts ran due to Covid). Covid-19 continued to impact spending in 2021/22 with some contracts suspended due to Covid-related pupil absences. Service review work undertaken during summer 2021 helped to reduce costs. Better value was achieved from Passenger Fleet by allocating more high need / high cost pupils onto Fleet vehicles. An increased number of pupils with a Personal Transport Budget (PTB) also led to reduced costs in 2021/22. This will contribute to the MTFS savings target in 2022/23. Another contributing factor to the underspend was the delay of SENA referrals at the beginning of the 2021/22 academic year. Many users were without transport for a number of weeks at the start of term, so consequently costs were reduced.		
Dry Recycling	-752	-34%
Underspend due to improved recyclable prices on paper and card throughout 2021/22. Increased tonnages are offset by increased material income and a contribution to reserves for Ashby Canal Reed Bed.		
H & T Network Staffing & Administration	-627	-73%

Underspend due to £536k additional S38 & S184 infrastructure income as developers were increasing rates of development as lockdowns eased. In addition there are underspends on Traffic & Signals for consultancy costs after no suitable candidates to undertake the work and vacant posts throughout the year.		
Concessionary Travel	-555	-11%
Underspend due to the decision that concessionary travel reimbursements would be made based on registered service mileage rather than at full pre-Covid levels from August 2021. Under DfT guidance local authorities were permitted to reduce payments to operators in 2021/22 where operating mileage fell below 100% of pre-Covid levels.		
Passenger Fleet	-525	n/a
Underspend due to ongoing reduced demand for Fleet services in 2021/22 due to Covid-19, particularly Adult Social Care services. This has led to some Fleet routes being decommissioned and a large number of vacancies for drivers and escorts. Future demand for ASC services and traded work is difficult to predict and depends on service users' appetite to resume shared transport.		
Winter Maintenance	-486	-25%
A mild winter and a reduction in works scheduled have resulted in the large underspend for winter maintenance.		
Waste Management - Income	-375	26%
Underspend due to additional income from trade waste.		
Mainstream School Transport	-358	-10%
Underspend due to savings achieved by review of bus and taxi contracts during summer 2021, plus additional £213k income received from DfE for the Extended Rights to Home to School Travel Grant.		
Recycling & Household Waste	-321	-9%
Underspends are a result of higher recyclable income, staffing underspends and agreed compensation payment from contractor, slightly offset by overspend on Barwell security and higher prices for repair and maintenance works on Recycling Household Waste Sites.		
Composting Contracts	-266	-17%
Underspend due to lower tonnages and gate fees.		
HS2	-234	-56%
Underspend due to work not progressing at anticipated speed as there has been a delay to government announcements in respect of the approval of the Hybrid Bill, which will not happen until 2022/23, and many consultant costs not incurred this financial year.		
Treatment & Contracts	-198	-2%
Underspend due to Mechanical Biological Treatment (MBT) tonnages going to landfill £553k offset by a £355k overspend on Refuse Derived Fuel (RDF) as a result of increased tonnages.		
H&T Staffing & Admin	-176	-9%
Underspend due to additional income through capital recharges within transport policy and increased income for rechargeable network data.		
Waste Electrical and Electronic Equipment (WEEE) Funding	-127	n/a
Sustained higher levels on scrap metal prices has resulted in additional net income.		
Departmental Costs	-117	-26%
Bad debt provision was created in 2020/21 for accident repair claim due to uncertainty regarding return of funds, which was subsequently paid on 2021/22. Also, a reduction in Occupational Health Referral costs.		
Staffing & Admin Resourcing	-110	-3%
Underspend due to vacancies throughout the year across Highways Operations.		
Haulage & Waste Transfer	-101	-5%
£323k underspend due to more direct deliveries to landfill, partially offset by increased costs for fuel usage, Bardon Waste Transfer Station upfront costs and increased use of agency.		
Other variances	-288	n/a
TOTAL	-3,706	n/a

Chief Executive's

There is a net overspend of £0.1m (0.6%). The main variances are:

	£000	% of Budget
Coroners	611	55%
There has been a significant increase in the costs charged (Post Mortem costs have doubled) as well as an increase in the number of cases. The Assistant Coroners are undertaking more casework resulting in additional staffing costs.		
Freeport	0	n/a

The Freeport costs will initially be funded from LCC reserves (cash flowed) but will be offset by retained business rates generated once Freeport goes live. Cash flowing is at risk if designation doesn't actually happen but currently this risk looks low. The net cost funded by reserves is £715,981.		
Legal Services	160	6%
Variance largely due to shortfall in income.		
Registrars	-267	n/a
The underspend is due to an increase in income over budgeted levels. Notice of marriage and certificates income is higher than previously expected and activity has improved due to the lack of Covid restrictions on weddings. The departure of the Service Manager has reduced staffing costs.		
Trading Standards	-93	-6%
Variance due to a number of staff vacancies held for the majority of the financial year.		
Planning Services	-90	-17%
Underspends on running costs and increased income.		
Democratic Services and Administration	-115	-8%
Variance due to ongoing staff vacancies, no requirement for lease car a reduction in travelling expenses.		
Civic Affairs	-81	-48%
Due to the impact of Covid lockdowns the number of events in the year was significantly reduced. Additionally, a number of events were cancelled which were expected to be held January to March such as a Volunteers Reception (now taking place in April) and County Service (now taking place in May).		
Subscriptions	-70	-62%
Variance due to LCC not renewing LGA subscription (-£65k) and the County Council Network (-£20k), however, need to fund Midland Engine membership (+£15k)		
Other variances	17	n/a
TOTAL	72	n/a

Corporate Resources

There is a net overspend of £1.1m (3.2%). The main variances are:

	£000	% of
Commercial Services (Commercialism, LTS Property and Country Parks)	2,239	n/a
Overspend due to difficult trading conditions, as a result of restrictions related to Covid-19 including the most recent Omicron variant. Losses have been mitigated through the use of furlough (£0.25m) and Sales, Fees and Charges (SFC) claims (£0.27m)		
CAIF	523	-12%
Firs Farm environmental damage, illegal waste disposal on tenanted farm and remedial clear up work required is estimated to cost in the region of £2.4m. Work is due to take place during 2022. A Provision has been established in 2021/22 funded from £1.9m, being the balance held in the CAIF reserve, built up from previous CAIF returns. The net balance of £0.5m is an overspend on the departmental outturn.		
Building Maintenance	144	6%
Maintenance pressures on sites within the corporate estates partially related to Covid-19 have caused an overspend on the central maintenance fund.		
Building Running Costs	135	4%
The overspend is due to £140k business rates related to the Industrial Heritage Museum. NWLDC rates service has been contacted to reassess whether the level of rates is correct given the change in use and if the bill needs to be split to various services at the site.		
Commissioning Support	72	67%
Overspend predominantly caused by one-off litigation costs related to the Waste 2020 project.		
Information & Technology	-798	-7%
Underspend due to a reduction in print costs, given the impact of the Omicron variant on staff returning to the office. Delays in the rollout of Microsoft teams throughout the financial year, due to other crucial projects such as Ways of Working. Vacancies across the service caused by challenges with recruitment.		
Operational Property	-281	-13%
Staff vacancies held unfilled ahead of staff structure reviews.		

Communications & Digital Services	-237	-23%
Underspend driven by the use of Contain Outbreak Management Funding (COMF). This funding, provided by central government, is being used to offset eligible expenditure incurred to help prevent Covid-19 outbreaks in Leicestershire.		
Learning & Development	-220	-16%
The majority of the underspend has been caused by a lack of commitment from departments to compulsory and optional training, with service pressures across the authority taking precedence. There has also been a small reduction in FTE within the service, and some maternity leave.		
Unallocated / Projects	-170	-44%
Not required budget for projects or CAIF contingency.		
Customer Services	-121	-5%
Higher than expected attrition rates and the challenges of recruiting.		
Strategic Property	-116	-5%
Vacant positions and recruitment drag.		
Business Support	-73	-8%
Underspend caused primarily by challenges related to recruitment. A lower than expected spend on Corporate Resources referrals to occupational health has also increased the underspend.		
Other variances	85	n/a
TOTAL	1,182	n/a

Central Items - Central Expenditure budgets

These is a net underspend of £0.3m (9.7%).

	£000	% of Budget
Financial Arrangements - ESPO surplus	-124	n/a
2020/21 share of surplus is higher than accrued for in 2020/21 accounts and 2021/22 provisional surplus exceeds amount budgeted for.		
Financial Arrangements - Enterprise Zone business rates income	-72	n/a
Income received relating to the Enterprise Zones in Charnwood and Hinckley & Bosworth.		
Other variances	-100	n/a
TOTAL	-296	n/a

EARMARKED FUND BALANCES

	Revised Balance 01/04/21 £000	Forecast Balance 31/03/22 £000	Actual Balance 31/03/22 £000
Renewal of Systems, Equipment and Vehicles	3,710	2,960	3,986
Insurance			
General	8,200	7,660	9,641
Schools schemes and risk management	370	370	653
Uninsured loss fund	5,250	5,250	5,414
Committed Balances			
Community Grants	250	250	40
Other			
Children & Family Services			
Supporting Leicestershire Families	1,840	370	756
C&FS Developments	750	750	2,086
Youth Offending	580	420	613
Other	800	430	545
Adults & Communities			
A&C Developments	2,920	1,360	2,323
Adult Learning Service	290	290	529
Public Health	1,810	1,810	11,262
Environment & Transport			
E&T Developments	250	250	375
Commuted Sums	3,150	2,850	3,300
LLITM	2,080	1,720	1,647
Major Projects - advanced design	490	480	780
Waste Developments	350	350	784
Section 38 Income	490	440	487
Other	520	360	323
Chief Executive			
Economic Development-General	340	180	343
Chief Executive Dept Developments	790	380	435
Other	180	150	183
Corporate Resources			
Leicestershire Schools Music Service	190	150	295
Other	580	230	589
Corporate:			
Transformation Fund	9,200	4,190	7,517
Broadband	1,960	1,610	2,366
Business Rates Retention	8,070	570	3,868
Inquiry and other costs	600	590	0
Elections	780	180	301
Other	450	390	469
Budget Equalisation	24,030	40,930	36,458
Covid-19 : council tax etc	0	4,000	4,500
Covid-19 Budget (other)	0	0	0
Covid-19: Tax Income Guarantee compensation	2,280	0	0
Carbon Neutral Investment Fund	0	2,000	2,000
Capital Financing (phasing of capital expenditure)	102,970	98,490	122,676
Pooled Property Fund investment *	-23,630	-23,630	-24,549
TOTAL	162,890	158,780	202,995
Schools and Partnerships			
Dedicated Schools Grant	-11,100	-19,810	-24,136
Leicestershire & Rutland Sport	1,370	1,260	1,398
Health & Social Care Outcomes	9,920	6,920	14,856
Emergency Management	610	610	794
East Midlands Shared Services - other	60	60	32
Leicestershire Safeguarding Children Board	100	100	98
Leics Social Care Development Group	30	20	33
Total	990	-10,840	-6,925

* Pooled Property Fund investments - funded from the overall balance of earmarked funds

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Capital Budget 2021/22 – main variances**Children and Family Services**

Net slippage of £12.3m compared with the updated budget. The main variances are:

	£000
Provision of Additional Primary Places	-8,418
<p>1) Ashby School Places - slippage of £2.0m. Delays have been encountered both at Ivanhoe's end and LCC end. In addition to the age range change, Ivanhoe has recently joined an Academy Trust, which has brought with it changes in key stakeholders at the school. Additionally, staff shortages within LCC's Legal Services Team have resulted in delays to funding agreements being drawn up and signed.</p> <p>2) Coalville Places, Newbridge School - slippage of £1.8m Delays have been encountered both at Newbridge's end and LCC end resulting in delays to funding agreements being drawn up and signed.</p> <p>3) Rothley Phase 2 - Slippage of £1.5m. Issues with the site caused planning problems, with permission being repeatedly pushed back. The developer's planning application included both the new school building, plus outline permission for up to 80 additional dwellings. However, Charnwood Borough Council subsequently 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. The scheme has now received planning approval in principle and the Section 106 agreement has been signed.</p> <p>4) Lutterworth Primary - slippage of £0.9m. The scheme has been delayed due to higher than expected quotes being received by the school and a funding agreement being put in place. The agreement has now been completed and sent to the Academy Trust for signing. Upon signing the funding can begin to be passported to the school. The scheme is still forecast to deliver places in time for the 22/23 academic year.</p> <p>5). Anstey Martin School - acceleration of £0.8m. This S106 funded passported scheme forms part of the 22/23 programme.</p> <p>6) Melton, John Fernley - slippage of £0.7m. This S106 funded substantial project creates 8 new classrooms, science lab, food technology, expended library, offices and outdoor eating space. There have been numerous design changes requested, which along with procurement framework issues has resulted in delays.</p> <p>7) Castle Donington Community College - slippage of £0.6m. Issues with planning permission for the project has delayed the start date.</p> <p>8) Syston St Peters & St Pauls - underspend of £0.3m. The final contract sum for the scheme was lower than expected.</p>	
SEND Programme	-2,310
<p>1) New/Expansion of Special School Places - slippage of £1.3m. Time spent on schemes that were ultimately deemed unfeasible has delayed progress in this area. The reduction of available funding has resulted in the School Place Planning Team needing to revisit plans and priorities regarding options to address imminent need for places. One scheme to expand one of the existing special schools has been agreed in principle. This is awaiting Regional Schools Commissioner consent - as this is unlikely to be granted until the June 2022 only minimal costs were incurred in 21/22.</p> <p>2) Communication & Interaction Unit - £0.6m. Delays to the legal agreements being drawn up and signed. This resulted in a delay to the commencement of the scheme and hence the passporting of funding.</p> <p>3) SEMH School - slippage of £0.2m. The timeframe for these works is linked to the progress of the 'Shepshed Masterplan' - a complex scheme which creates additional primary places in Shepshed, and ultimately physical space for the creation of this SEMH school. Due to delays to the Masterplan, demolition works for this scheme have slipped until April as the DfE are not taking transfer until later in the year.</p>	
Strategic Capital Maintenance	-655
<p>Elements of works cannot be scheduled for term-time, and must be completed during school closures. The 21/22 allocation was not announced until the end of April, and was a significant increase on the expected level of grant. This delay resulted in issues securing contractors for the Summer half-term and closure periods. Additionally, in the Spring Term works that were not able to be completed during term-time had to be scheduled for the Easter break. Due to the timing of Easter this year (falling entirely in the next financial year).</p>	
Assessment & Resi Multi-functional Properties x 4	-589
<p>The availability of suitable properties in the buoyant property market has caused further delays to this scheme. One property that LCC had had an offer accepted on fell through due to restrictive covenants in the deeds rendering it unsuitable for the required purpose.</p>	
Safeguarding / Schools Access	-293
<p>The slippage has been agreed to fund safeguarding/access schemes at Badgerbrook, Oadby Grange, Tythorn and Ravenhurst. Due to the nature of these works they were not commenced before 31/03/22.</p>	
Other variances	-26

TOTAL	-12,291
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Adults & Communities

Net slippage £0.2m compared with the updated budget. The main variances are:

	£000
Hamilton Court/Smith Crescent - NWL Development	-240
Cabinet agreed that a short breaks facility was no longer required on this site therefore no further development is expected in 2021/22.	
SCIP Loughborough - Ashby Court - Refurbishment	245
Overspend to be funded from the 2022/23 SCIP allocation, half of this is covered from underspend on other SCIP schemes. This was due to added inflationary costs and increase in provision for wheelchair accessibility, additional fire safety and electrical works, these were approved.	
SCIP Anstey - Hollow Road Flats	-87
Underspend as scheme completed and anticipated additional costs did not materialise.	
SCIP Specialist Dementia Facility - Coalville	-60
Slippage on this scheme due to estimated construction costs post pandemic being higher than initially budgeted. It is expected that the scheme will be reviewed and a re-assessment of the costs from external surveyors will be sought.	
Other variances	-29
TOTAL	-171

Environment and Transport

Net slippage of £20.3m compared with the updated budget. The main variances are:

	£000
A511 Major Road Network (MRN)	540
Acceleration on programme relating to design work to quantify the costs of the project and additional work relating to planning to ensure revised timeline is achieved.	
Melton Mowbray Distributor Road - North and East Sections	-6,375
Slippage due to contractors reducing planned work on the advanced work package to minimise the financial risk to LCC of completing work before Full Business Case is agreed with DFT.	
Hinckley Hub (Hawley Road) - NPIF	-3,200
Slippage due to delays relating to Covid 19 restriction and then waiting to commence the works after the Christmas period to minimise traffic flow concerns. The evaluation of tenders taking longer than anticipated meaning a delay in signing the construction contract.	
Melton Distributor Road - Southern Section	-1,872
Slippage due to the signing of the legal agreements terms for funding from Homes England took longer than expected and thus the work was been delayed until the agreement was signed. The agreement has now been signed.	
Kibworth Site Redevelopment	-1,415
Slippage due to more work originally expected in 2021/22 than completed. Now the programme has a more detailed plan of works it is confirmed that more work will complete in 2022/23.	
Safety Schemes	-1,395
Slippage due to impacts from Covid 19 stalling the programme, delays caused by a reprioritising works and due to resourcing and redesigning. Also Parish's have been slower than expected to claim grants offered by LCC.	
M1 Junction 23 / A512 Scheme	-1,072
Slippage due to delays on site relating to landscaping and maintenance works.	
Vehicle replacement programme	-1,020
Slippage of programme due to lead in time for purchase of vehicles and ongoing work for business case for green vehicles.	
TAM - Capital Maintenance Schemes	-973

Slippage of £0.8m due to design fees on major projects being less than anticipated and the risks relating to works on footways schemes. In addition, there has been additional unexpected design work on a footway scheme which has delayed the start of the programme. Underspend of £0.2m due to over accruals from prior year, estimations were completed for final settlements but the costs were less than expected.	
Waste Transfer Station Development	-570
Slippage due to snagging issues requiring rectification which will slip into next year and delivery of some equipment being delayed.	
Recycling House Waste Sites - General Improvements	-648
Slippage due to the lead in time to secure mobile plant being longer than previously anticipated.	
TAM - Restorative maintenance	-457
Slippage due to resourcing issues with the Roadmender gangs and Footway patching works which have been delayed and will now occur in 2022/23.	
TAM - Network Performance & Reliability	-311
Slippage due to delays in procuring traffic counter renewals the procurement will now occur 2022/23, also there was a change in condition surveys.	
TAM - Traffic Signal Renewal	-275
Slippage due to additional funding from the DfT provided during 2021/22 to be spent by March 2023, schemes currently being investigated	
TAM - Street Lighting	-271
Slippage due to resources being diverted to other works which resulted in a delay to the Street lighting column replacement programme and Fosse park street lighting renewal programmes.	
Advanced Design / Match Funding	-263
Slippage due to delays in procurement of services on Cycling and Walking Strategy and public consultation not commencing until next financial year, a lack of funding availability to progress works on the Desford Crossroad project. Also delays on the design guide programme.	
Ashby Canal Scheme	-181
Slippage due to delays with funding agreements and some spend relating to reed bed.	
Other variances	-523
TOTAL	-20,281

Chief Executives

Net slippage of £1.0m compared with the updated budget. The main variances are:

	£000
Rural Broadband Scheme - Phase 3	-1,003
There was a reduction in the scope of the project following change requests by Openreach (BT). The balance of funding (funded from the Broadband earmarked reserve) will be carried forward to 2022/23 pending the future impact of the change requests on the programme.	
TOTAL	-1,003

Corporate Resources

Net slippage of £1.4m compared with the updated budget. The main variances are:

	£000
Workplace Strategy - End User Device (PC, laptop)	815
Acceleration of £0.7m due to revision of business case and a more ambitious plan due to Covid-19. Overspend of £0.1m relating to 50 high powered laptops which had been expected to form part of a programme in the future, however, these were required earlier than anticipated.	
Climate Change - Public Sector Decarbonisation Scheme	98
Overspend due to compensation event for the thermal store for County Hall due to services under the concrete slab, there is also oil contamination.	
Climate Change - Score + (Schools Energy Efficiency Scheme)	-593
Slippage has been due to consideration of the operating / finance lease and also whether it is viable for LCC to undertake the works. This is under review.	
Watermead Country Park New Footbridge	-366
Slippage due to play equipment at park not being transferred to LCC ownership by 31 March 2022.	
Ways of Working - Office Infrastructure	-360
Slippage due to delays in implementation of the future office model pilot.	
Climate Change - Energy Strategy Schemes	-352
Slippage due to the County Hall inverter tender process taking longer than anticipated, delays relating to the planning permission and reworking costing estimates. Also due to a lack of staffing resource meaning feasibility options will not be completed until next year and thus delaying starting works on the Capital programme into 22/23.	
County Hall Lift Replacement Scheme	-160
Slippage due to a review of procurement routes, no suitable option has been identified and so to ensure appropriate use of funds the project will commence next financial year once a new framework is in place. This is the most suitable option to ensure due diligence by both procurement and Legal ensuring contracts will be evaluated for compliance.	
Climate Change - Electric Vehicle Car Charge Points	-150
Slippage due to a lack of staffing resource delaying the ongoing works with E & T.	
ICT - CSC Telephony Replacement	-91
Slippage due to procurement exercise identifying that the bulk of the spend relates to the A365 contract which is due to be spent in 22/23.	
Romulus Court - IT Environmental monitoring	-85
Slippage due to a review of procurement routes no suitable option has been identified and so to ensure appropriate use of funds the project will commence next financial year once a new framework is in place. This is the most suitable option to ensure due diligence by both procurement and Legal ensuring contracts will be evaluated for compliance.	
Other variances	-198
TOTAL	-1,442

Corporate Programme

Net slippage of £1.3m compared with the updated budget. The main variances are:

	£000
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CAIF - Airfield Business Park - Phase 3-4	75
Completion of Airfield Farm phase 2, acceleration from future years asset acquisitions funding.	
CAIF - Lutterworth East - Planning and Pre-Highway construction Works	-744
Slippage due to delay in obtaining planning permission. Also project being on hold and waiting to proceed which will require a project cost review.	
CAIF - Industrial Properties Estate - General Improvements	-275
Slippage as projects not come forward due to lower than expected lease turnover, resulting in fewer refurbishment/upgrade projects.	
CAIF - M69 J2 Strategic Development Site	-165
Slippage as a result of workstreams relating to the project slowing down and delays associated with the emerging local plan.	
CAIF - Leaders Farm Office Projects	-138
Planning application being prepared.	
Other variances	-9
TOTAL	-1,256

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APPENDIX E**PRUDENTIAL INDICATORS 2021/22**

	Original Indicator	Forecast as at 17/1/2022	Provisional Actual as at 31/03/2022
Actual Capital Financing Costs as a % of Net Revenue Stream	4.10%	3.90%	6.27%
Capital Expenditure (£000's) (excluding Schools devolved formula capital)	145,000	111,000	82,137
Operational Limit for External Debt (£000's)	264,100	264,100	264,100
Authorised Limit for External Debt (£000')	274,100	274,100	274,100
Interest Rate Exposure – Fixed	50-100%	100%	100%
Interest Rate Exposure – Variable	0-50%	0%	0%
Capital Financing Requirement (£000's)	237,000	226,000	214,039
Actual debt as at 31/3/2022 (£000's)	262,600	263,100	263,100

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SCRUTINY COMMISSION - 8th JUNE 2022

RECOMMENDED CHANGE TO THE ANNUAL INVESTMENT STRATEGY AND INVESTMENT IN CHRISTOFFERSON ROBB AND COMPANY'S CAPITAL RELIEF FUND 5

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of report

1. The purpose of this report is to advise the Scrutiny Commission of a proposed change to add Bank Risk Sharing Funds to the list of acceptable investments within the Annual Investment Strategy. This is to enable a proposed investment of £10m to be made as part of the Corporate Asset Investment Fund (CAIF) into Christofferson Robb and Company's (CRC) Capital Relief Fund 5 (CRF5), details of which are set out below. The Scrutiny Commission's views on the proposed investment are sought. These will be included in a report to the Cabinet on 24 June 2022 in which approval of both matters will be sought.

Policy Framework and Previous Decisions

2. Treasury management is an integral part of the County Council's finances. The Treasury Management Statement and Annual Investment Strategy, and the Corporate Asset Investment Fund Strategy for 2022-26 were agreed by the Full Council in February 2022 as part of the Council's Medium Term Financial Strategy (MTFS) 2022/23 – 2025/26.
3. The approved MTFS 2022-26 sets out the need for savings of £100m to be made by the Council by 2025/26, of which £46m is as yet unidentified.
4. The recommended addition of Bank Risk Sharing funds as an acceptable investment within the Annual Investment Strategy is an in-year change that requires the approval of the Cabinet. This will be reflected in the revised Treasury Management Strategy when the MTFS is updated for 2023/24 – 26/27
5. The Corporate Governance Committee considered a report on 13th May 2022 regarding the proposed change to the Annual Investment Strategy. It supported the proposal.

Background

6. There is an ambition to build the value of the portfolio up to £260m so that this can generate a meaningful income for the Council and support Council services. The proposed spend of £10m into CRF 5 represents c5% of the last year end CAIF

valuation and allows the CAIF to deploy capital and receive income whilst new direct property investments are being planned.

7. The proposal to invest £10m into a Bank Risk Sharing funds (CRF5) is in line with the CAIF Strategy which supports investing in non property asset classes to improve the Fund's diversification and secure greater income generation whilst capital is not required for direct property investments.

What is Bank Risk Sharing?

8. Within the banking regulatory environment, capital has to be held as backing for loans. This is to ensure that the bank has adequate 'buffers' against losses under a range of scenarios.
9. If a bank wishes to increase its lending activity it has to hold more regulatory capital and this capital can be expensive. For example, raising equity can be difficult if the amount to be raised is a large portion of the existing equity value. The riskier a loan, the more a bank needs to hold in reserve as backing.
10. By arranging a mechanism for transferring the risk of loans made, banks can receive approval from the regulators to hold less regulatory capital against existing loans. This releases capital to support other activities.
11. The risk transfer and the approval by regulators makes bank capital release attractive to both the bank and the investor. As capital is expensive for banks, they can afford to pay a healthy premium to the counterparty that the risk is being transferred to. In return, the banks end up with lower risk weighted assets (loans weighted on the level of risk they present to the bank) and better capital ratios.
12. Returns to investors in the fund come from the insurance premium paid by the bank which will be distributed quarterly to investors, less management fees. The invested capital will be returned at the end of the term less any losses reimbursed.

Who is the proposed investment manager – Christofferson, Robb & Company?

13. Christofferson, Robb & Company (CRC) is a private credit management firm that was founded in 2022 and which specialises in European bank capital release i.e. investing primarily in transactions that transfer the credit risk of banks' to funds it manages, as explained above.
14. CRC manage c\$6bn in assets of which bank capital release transactions account for over 90% of the assets. The firm is based in London, has approximately 60 staff and is still managed by the founders of the firm, Johan Christofferson and Richard Robb.
15. Since 2004 CRC has focused on capital release transactions for European banks' loans to individuals and small and medium sized enterprises (SMEs). It has a long track record in this area and has been able to produce consistently good returns for investors. It is estimated that over the last seven years CRC's market share in this area has been 36%. To date the CRC team has also shown a strong track record in minimising capital losses, with less than 0.1% of invested capital lost.

16. It is worth noting that the Leicestershire County Council Pension Fund has invested with CRC since 2017 when a £40m commitment was made. In 2021 a further commitment of £52m was approved by the Pension Committee into the current product CRF5.

What is Capital Relief Fund 5 (CRF5)?

17. CRC5 is the latest investment fund from CRC and is expected to be open for commitments until December 2022. The Fund is targeted to raise at least €500m for Bank Risk Transfer transactions mainly with European banks in Italy, Germany, Portugal, France, Spain, and Greece. Each investment CRC will make will be linked to 500-30,000 SME loans.
18. The product is expected to have a life of 6 years, by which time all capital is scheduled to have been returned. The capital can be redeployed into CAIF investments that meet the needs of the Fund. The management and performance fee payable to CRC is in line with that being paid by the Leicestershire Local Government Pension Scheme.
19. CRC focuses on SME loans which are shown to have less variable default levels than larger companies. Even following the Global Financial Crisis in 2008 the losses on SME loan portfolios peaked at 0.8% versus the losses on all rated corporate credit instruments of 3.6%. (Numbers taken from a Moody's Annual default study: Corporate Default and Recovery Rates, 1920-2014.)
20. Responsible investment is a key part of CRC's investment process as using ESG (environmental, social and governance) screens can reduce risk. Each bank's ESG policy is assessed to ensure it conforms at a minimum to CRC's ethical criteria. The ethical criteria are drawn from the UN Global Compact and sets out the type of companies that CRC avoids along the following considerations: human rights, employment, environment, bribery and corruption and weapons.
21. Due diligence was conducted by Hymans Robertson on CRF5 on behalf of the Leicestershire Local Government Pension Scheme (LGPS) Fund investment in 2021. This outlined a number of conditions that are present before CRC will enter into a capital release transaction with a bank with some of the most notable being:
- The bank should be motivated to improve its capital ratios.
 - Pools of loans should primarily be loans to SMEs, as default rates show a muted response to the business cycle relative to public rated corporate loans.
 - Pools of loans are preferred to be highly diversified, i.e. containing 500 – 30,000 loans to SMEs, to insulate CRC from idiosyncratic risks.
 - Pools of loans should be selected using mechanical rules that CRC has a hand in establishing.
 - Regulators must approve all transactions, either individually or as part of a programme.

- CRC prefers deals that are non-replenishing and amortise over time, through underlying loans being repaid. i.e. as time passes the level of risk to the CRC investor reduces.

22. Officers have monitored the progress of CRF5 since the Leicestershire LGPS investment, noting that investment into Bank Risk Sharing transactions is being completed as expected with no change to the investment strategy employed by CRC. CRC have informed officers that they are still on track to end the investment period at the end of 2022 as originally intended.

23. The investment of £10m represents c5% of the value of the CAIF as at 31st March 2021. The investment will become a smaller part of the CAIF as more investments are added to the CAIF. The addition of this investment will further diversify the returns from the CAIF which are predominantly derived from directly owned and managed property.

Risk Assessment

24. The key risks associated with Bank Risk Sharing Funds and the mitigations put in place by CRC to address these, are set out below.

- (a) Risk – Number of loans not repaid by the individuals or SMEs higher than expected.

Mitigations include:

- The terms agreed when CRF5 purchases a portfolio of loans has built significant buffers to ensure that positive returns are generated even if loan losses significantly exceed the peak of the global financial crisis.
- The loans that are selected within each Bank Risk Sharing transaction use mechanical rules and random selection. Loans on a bank's watch list are excluded from the portfolio, which should bias portfolio loan quality upwards.
- Loan officers at branch level banks are unaware of which loans are part of a Risk Sharing Transaction. All loans are managed by branch loan officers in the same manner.
- Diversification to spread the risk by sourcing loans from multiple banks from multiple countries.
- Financial exposure declines over the life of the investment as loans are repaid by borrowers. This reduces the amount owed overall by the borrowers however, the premiums received by CRC and are maintained.

- (b) Risk – Lending Bank becomes insolvent and is unable to continue operations

Mitigations -

- CRC structure transactions so as to be remote from counterparty exposure i.e. if bank defaulting, investment can't be used to bail in the bank, investment is ring fenced.

- Insurance arrangement ends – loss of interest payments, principal investment repaid.

(c) Risk – Liquidity – this is the ability to realise any investment made into CRF5 before its natural end. There is a limited secondary market for these types of investment and as such liquidity is low.

Mitigations -

- There is little liquidity to realise the investment earlier than the scheduled return of capital which is expected to be six years. The investment would be expected to be held to maturity. One of the reasons returns are higher in certain investments is due to the illiquidity premium, this being the additional return that is required in return for not having ready access to the capital.

(d) Risk - Regulatory changes – there could be changes to way European banks are regulated. The Bank Risk Sharing transactions could become more or less favourable method of managing the capital requirements for a bank, but the trend in recent years has been consistently in favour of Bank Risk Sharing transactions and as such the supply of transactions has increased.

Mitigations -

- Transactions receive regulatory approval before being completed and included within the portfolio of investments.
- If further transactions are not possible outstanding committed capital would be returned to investors.

(e) Risk - Investment manager insolvent – this refers to CRC who are the investment manager becoming insolvent and unable to continue management of CRF5.

Mitigations -

- The regulator requires a replacement manager and an independent custodian to be put in place. These provisions are included within the contract to make an investment into CRF5.

26. The rationale to invest in this asset class balances the overall risk to the CAIF by diversifying away from UK property, indirectly owned property via pooled investment funds and pooled infrastructure. This is in line with a review of CAIF completed by Hymans in 2020 where they advised the CAIF to, “consider additional allocations, either to private debt funds or other income-focused asset classes”. The CAIF has since had an approval to invest £7.5m into an infrastructure fund and £20m to a private debt fund.

27. In common with many financial investments there are a range of financial risks which include, foreign exchange risk, market competition, underlying companies or sectors suffering from regulatory, tax, political and climate change to name a few. The risk of the proposed investment is considered acceptable for the level of expected return. The proposal forms part of a diversified portfolio and any underperformance would not be overly detrimental to the CAIF as a whole. The

proposal is of moderate risk which decreases as time passes towards the target life of six years for the investment.

28. The CAIF investment will be monitored on a quarterly basis and reported to the Corporate Governance Committee, as part of the standard treasury management reporting. It will also be subject to an annual report to the Scrutiny Commission and the Cabinet.

Resource Implications

29. The total value of the CAIF portfolio as at 31st March 2021 is £188m. The proposed investment of £10m into CRF 5 represents c5% of the overall amount invested as at the year end. The investment will be made using existing CAIF cash resources.
30. By investing £10m in the proposed investment, the Council would forego bank interest estimated at £150,000 per annum based on the prevailing rate (April 20th 2022) of 150 basis points for a 12 month fixed term deposit. Bank rates are floating and as such have started to move higher over 2022 as UK interest rates have risen. This increase in interest forgone is mitigated, as the investment in CRF5 is also based on floating interest rates.
31. The returns from the investment are not guaranteed and will be influenced by a range of factors, not all of which are in the fund managers control. The returns are expected to be 8% to 9% per annum and are linked to interest rates.
32. Management and monitoring of the proposed investment will be via existing resources and through the existing CAIF and treasury management governance structures as outlined above.
33. The Director of Law and Governance and the Director of Corporate Resources have been consulted on the content of this report.

Timetable for Decisions

34. The comments made by the Scrutiny Commission will be included in the report to the Cabinet at its meeting on 24th June 2022. If the variation of the Annual Investment Strategy and the proposed investment of £10m in CRF5 is approved by the Cabinet, the amended Strategy will come into effect immediately and the planned investment will be made as soon as is reasonably practicable.

Equality and Human Rights Implications

35. There are no equality or human rights implications arising from the recommendations in this report.

Recommendation

36. The Scrutiny Commission is asked to comment on the proposal to

invest £10m into a Bank Risk Sharing fund, CRF5, with Christofferson, Robb & Company.

Background papers

Report to the Cabinet on 5 February 2021 “Revised Corporate Asset Investment Fund Strategy 2021 to 2025”: -

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MID=6440#AI66682>

Report to the County Council on Medium Term Financial Strategy 2022/23 – 2025/26:

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=6481&Ver=4>

Report to the Corporate Governance Committee, “Recommended Change to the Annual Investment Strategy to add to the List of Acceptable Investments.”

https://politics.leics.gov.uk/documents/s168985/Recommended%20Change%20to%20the%20Annual%20Investment%20Strategy_Final.pdf

Circulation under the Local Issues Alert Procedure

37. None

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SCRUTINY COMMISSION - 8th JUNE 2022

ANNUAL REPORT ON THE COMMERCIAL STRATEGY

REPORT OF DIRECTOR OF CORPORATE RESOURCES

Purpose of the report

1. The purpose of this report is to update the Scrutiny Commission on the performance of Leicestershire Traded Services during 2021/22 taking account of the impact that Covid 19 restrictions have had on these services. The report also seeks the views of the Commission on future plans for recovery and growth.

Policy Framework and Previous Decisions

2. In November 2013, the Scrutiny Commission considered progress being made in developing the Council's traded services. It agreed that it was important for the Council to continue trading and to retain and build upon existing business, particularly in relation to schools.
3. A Scrutiny Review Panel commenced a Review of Traded Services in June 2014. The Cabinet accepted its recommendations and asked the Chief Executive to ensure these were acted upon. The Commission received an update on progress being made in delivering these recommendations in June 2016.
4. With the continued financial pressure on the County Council the requirement to raise additional revenue has become a key element of the Council's Transformation Programme and has been specifically included in the County Council's MTFS since 17th February 2016.
5. On 6 June 2018, the Commission considered and gave its strong support to the Commercial Strategy and Workplan 2018-2022, recognising that traded services provided an income which protected frontline services. It hoped that the Council would continue to identify new commercial opportunities.
6. The Strategy was subsequently approved by the Cabinet on 6 July 2018 which further resolved that an annual report on performance against the Commercial Strategy should be submitted to the Cabinet and the Scrutiny Commission each June.

7. An annual report was presented to the Scrutiny Commission and the Cabinet in June 2021 when performance against targets was noted and future developments welcomed. The Commission requested that in future reports, to help Members understanding of how each service was performing, a breakdown of income across geographical locations be provided. This has been provided for school food but is less appropriate for other services, such as Human Resources or Property. Members also asked for a greater emphasis on profitability, rather than turn-over and for capital costs to be included in future reports.

2021/22 Activity and Performance

8. The 2021 report concluded by saying “There remains uncertainty about the timing of further changes to restrictions and a risk of new Covid variants emerging both of which could impact on the ability of Leicestershire Traded Services (LTS) to deliver its target.” The impact of successive waves of Covid in 2021 and 2022 continued to provide an extremely challenging backdrop for LTS and trading activity has been severely affected. Restrictions were imposed across the country to keep staff, customers and communities safe. Although school closures were not imposed this year, all hospitality was heavily restricted at various points in the year, along with varying degrees of social distancing. Even once services were permitted to reopen, consumer confidence was reduced and some services continued to see reduced demand.
9. Alongside the income challenges, costs rose significantly towards the end of the year, with particularly acute inflationary pressures in respect of foodstuffs and anything related to international gas and oil prices.
10. Staffing remained a serious challenge across much of the service, with the national picture of a difficulty recruiting to hospitality roles being replicated in Leicestershire. Coupled with high levels of sickness due to Covid, this necessitated the making of changes to the delivery of the school food service in early 2022 for a short period, with simplified menus that could be delivered with fewer staff. Staff should be recognised and applauded for their willingness often to work extra shifts or longer hours to support the delivery of services for the public.
11. The geographical spread of the school food service is well distributed across the County. Our hospitality offer is not so evenly spread, with our cafes and Beaumanor Hall being located in Charnwood, North West Leicestershire and Hinckley and Bosworth Districts.
12. This combination of rising costs and reduced income has led to significant reductions in margin and contribution in many areas of LTS which was only partly offset by good cost control, support from the Government’s Coronavirus Job Retention Scheme and the Sales, Fees and Charges Income Compensation Scheme.
13. The overall financial result for LTS in 2021/22 as shown in the table below, was a net cost of £0.7 million. This compares to a budget target of a net contribution

of £1.5 million, which was set in February 2021 as part of the Council's Medium Term Financial Strategy.

	Budget Target	Outturn	Variance
	£000	£000	£000
LTS Leisure & Hospitality	86	104	18
LTS Education Catering	-118	401	519
LTS Beaumanor	-323	179	502
LTS Professional Services	-462	-557	-95
Music Service	0	-10	-10
Country Parks	235	276	41
Forestry	-18	-11	7
Hard FM	556	631	75
Soft FM	-482	-429	53
Print	-68	66	134
LTS Infrastructure (excl unallocated challenge)	225	313	88
LTS Unallocated Challenge	-1,141	-232	909
Total Commercial	-1,509	731	2,240

14. Across the trading units, Beaumanor Hall, cafes and the Century Theatre closed during the year, with cafes reopening when possible, initially to provide a takeaway only service from April 2021. Beaumanor Hall reopened for school residential visits in May 2021. Leamis, HR and Health and Safety continued online delivery to schools where appropriate. Property Services continued to operate throughout the pandemic.
15. Whilst there were not widespread school closures in this year, the school food service has had to adapt to numbers of pupils receiving school meals being highly variable each day due to sickness and self-isolation. The service also continued to administer the Free School Meal Voucher scheme through the school holidays as part of the Household Support Fund schemes.

Future plans for recovery and growth

16. Across LTS there will be a new focus on building all our businesses back up stronger and more sustainably. Some of the key areas of work planned for the coming year are set out below:
 - The embedding of revised operating models introduced in Beaumanor Hall, focussing on low-risk but high margin activities, such as weddings, conferences and hires.
 - Greater profitability in our cafés as a result of improved margin positions through improved cost of goods ratios and revised menus and prices.
 - Opening hours have been reviewed and will be amended in line with footfall, seasons and events on an ongoing basis.
 - Tendering for new opportunities in school food services, ensuring that we achieve the target margin position on all contracts.

- Revisions to existing school food contracts, where appropriate, to ensure that individual contracts remain profitable amidst rising food prices.
- Streamlining of back-office finance and administration support, with some elements moving to centralised finance teams.
- In Peoples Services we will diversify our offer into new markets for our Organisational Development support.
- The production of detailed operational Business Plans for all operating areas with detailed financial targets and clear operating parameters which will support control of costs and risks, as well as ensuring greater profitability.
- The Service will continue to look for opportunities across the County Council in line with the Corporate Commercial Strategy 2018 - 2022, to support the delivery of the MTFS.

17. Further details of the activity over the past year, (which includes the additional information previously sought by the Commission), and future plans are provided in the Appendix attached to this report.

Commercial Strategy post-2022

18. The Commercial Strategy runs until 2022. Revision of the Strategy will, however, be delayed until 2023 so that the scale of post-Covid recovery within the service can be established. The revised Strategy will be brought to the Commission for comment as appropriate next year prior to approval being sought by the Cabinet.

Resource Implications

19. The overall financial result for LTS in 2021/22 is a net cost of £0.7m compared to a budget target of a net contribution of £1.5 million, an adverse variance of £2.2 million.
20. The MTFS contribution target for 2022/23 is £0.4 million. Whilst we have seen a robust return of business across most services, there remains uncertainty about new Covid variants emerging and inflationary pressures, both of which could impact on the ability of LTS to deliver its target.

Timetable for Decisions

21. The Annual Commercial Strategy Report will be considered by the Cabinet at its meeting on 21st June 2022. The views of the Scrutiny Commission will be reported to that meeting.

Equality and Human Rights Implications

22. There are no equality or human rights implications arising directly from this report. If services change in the future EHRIA's will be undertaken as required.

Circulation under the Local Issues Alert Procedure

None

Background papers

Scrutiny Commission - 6 November 2013 - Traded Services

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=137&MId=3605&Ver=4>

Scrutiny Commission - 5 November 2014 - Final Report of the Scrutiny Review Panel on Traded Services

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=137&MId=3938&Ver=4>

Scrutiny Commission - 15 June 2016 - Update on Leicestershire Traded Services

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=137&MId=4539&Ver=4>

Scrutiny Commission - 6 June 2018 - Outline Commercial Strategy and Workplan 2018-2022

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=137&MId=5305&Ver=4>

Cabinet - 6 July 2018 - Outline Commercial Strategy and Workplan 2018-2022

<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=5412&Ver=4>

Scrutiny Commission – 9 June 2021 – Annual Commercial Strategy Report

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=137&MID=6376>

Cabinet – 22 June 2021 – Annual Report of the Commercial Strategy

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MID=6444>

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Appendices

Appendix – LTS Review and Outlook 2022/23

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LTS review and outlook for 2022/23

School Food

Reflecting on last year's performance

LTS Catering School Food continued to provide all of our customers catering services in what were very challenging and difficult circumstances.

Whilst we were not impacted by school closures due to Covid-19 in the same way as in 2020/21, the number of children who could be off sick or isolating at any one point meant that income was unpredictable throughout the year. By the end of the financial year, numbers had stabilised at pre-covid levels. In addition, Government schemes such as the Coronavirus Job Retention Scheme and the Sales, Fees and Charges Compensation Scheme came to an end in the first half of this year.

Linked to this, illness within our own staff team and the challenging recruitment situation in the catering sector meant that we introduced an emergency simplified menu to all primary schools from January to April 2022. This achieved all nutritional requirements and met Government Food Standards but was simpler for our staff to prepare with reduced numbers. Food parcels continued to be supplied to isolating pupils.

Our business development opportunities continued to be limited, as many schools and academies delayed or shelved their ambitions to put catering contracts out to the market.

We were pleased to retain our Gold Food for Life accreditation - reinforcing our quality food provision.

School Food was forecast to deliver a contribution of £118,000 to the authority. In light of the challenges of the year, it instead delivered a loss of just over £400,000.

The table below gives an indication of the geographic spread of our school food contracts:

Area	Number of sites
Ashby-de-la-Zouch, Coalville and area	32
Loughborough and north A6 corridor	28
Melton Mowbray and A607 corridor	29
Oadby, Wigston and Market Harborough area	30
Blaby and area	27
Hinckley and area	27
Castle Donington and area	16
Leicester City	28

Birmingham	3
Cambridgeshire	4
Luton	15
Derbyshire	1

Challenges

Rising costs were the big challenge at the end of the financial year. Due to a variety of factors linked to lack of staff, Brexit, rising cost of fuel and the war in Ukraine, basic staples such as pasta or cooking oil have seen substantial price rises of 75% and over 100% respectively. Whilst switching suppliers has been able to stave off the worst of the price rises, we know this is a short term measure and inflationary pressures will continue.

MATs that are current customers, continue to be a significant challenge as they seek to re-tender and consolidate suppliers, but this is also an opportunity. We will further develop and refine cost effective catering 'packages' that provide a 'MAT deal'.

Tendering for new business via procurement portals remains a real challenge to us. This market is very competitive, with significant unknowns in relation to food prices and increases in the minimum wage. This means our tenders have to price in a lot of risk. We will review and improve upon our 'visual' presence and marketing strategy within the market through communications and social media to capitalise on our USPs.

The National Living Wage increases our labour costs every year and the team will need to employ tight wage controls to ensure that this is managed.

Whilst prices continue to rise, the allowance from central government has increased only for Free School Meals and not for the Universal Infant Free School Meal provision. This remains unchanged at £2.34 and is extremely challenging for us and the whole school meals market. We have been working to lobby central government to review this pricing.

Looking forward to this year

Schools are now all back to normal service and no longer using disposables and it is expected that meal numbers will continue to be pre covid numbers. This will help us with controlling costs.

The government has raised the allowance given to schools for Free School Meals and we have therefore been able to raise the price we charge schools for Free School Meals to £2.47.

A new menu will be rolled out September 2022 , schools will be consulted on menu type and any significant changes may be subject to the school being charged additional costs. The menu will reduce the number of variations we have across our different schools and improve options for vegetarian and vegan pupils.

Throughout this year we will be looking at all of our school contracts to ensure they remain at our desired margin levels and are returning a contribution to the council.

Professional & Business Services (PBS) Overview

Reflecting on last year's performance

PBS rose to the challenges during and post pandemic to ensure we could continue to deliver our Service Level Agreements and provide reassurance to customers of a 'business as usual' service, including a blend of onsite and remote services. PBS use technologies to host events, deliver training via eLearning , continue to provide support to all services using LTS to share information with schools and academies and are looking to extend their knowledge and skills improve effective use of technology to share Service Orders and are currently learning how to use the data to streamline invoices.

Overall, Professional and Business Services contributed £370k, against a target of £367k.

Challenges

Cloud Management Information Systems (MIS) remain a challenge as Multi Academy Trusts require trust-wide analysis of key data. As a result, LEAMIS have lost contracts with two large MATs who now obtain support direct from the supplier.

To try and combat this loss of business LEAMIS have gained accreditation in a further new MIS and finance systems to extend our portfolio to support MIS from 4 different MIS suppliers, which will put our service in a much better position for customer retention and increase our attractiveness.

In addition, we have had difficulties in procuring hardware and this has meant equipment has not been available in the same volume as pre-covid.

Looking forward to this year

The 2022/23 service level agreement will see Professional and Business Services (PBS) diversify to deliver more online webinars to targeted groups of users, improving their skills set, sharing best practice and keeping up to date with the current move in legislation with exams.

Our portfolio of cost effective products and services to schools and academies now includes support for a new digital cloud service to enhance teaching and learning, parental engagement, reduce paper costs, reduce impact on the environment, meet the digital agenda and help improve better outcomes for pupils in Leicestershire. We successfully assisted a growing MAT to move to a 'hosted' solution to help reduce the cost of change.

PBS will continue to work in partnership with internal services to help remodel and deliver an effective budget management service to enhance the School Financial Services. We are also working with suppliers to market our secure remote backup service. Cyber security remains a threat to data in schools, therefore we are currently contacting all our customers regarding their data backup options, this will include marketing the service to new customers including nursery sector and private establishments.

People Services (HR, H&S and L&D) Overview

Reflecting on last year's performance

Coming out of the Pandemic was a concerning time. Although we were aware that all of the services which we provide had continued, albeit in a different format, there was a sense that our customers may wish to make changes to our future service delivery that could be difficult to meet, within cost. However, this has not been the case and we have been able to continue to meet the needs of our customers, using an increase in technology which has also brought about a number of improvements, particularly for delivering our Learning and Development courses.

We have reviewed and introduced new cost-effective packages of services through a new digital approach including an increased number of training offers. This has provided customers with a wider choice to meet their business needs. Despite the impact of Covid we have maintained our customers and contributed in excess of c.£185k profit across the three distinct areas within People Services, against a budgeted contribution of £95k. It has to be noted, however, that a proportion of this has been due to our ability to manage a number of job vacancies.

Challenges

Covid inevitably had an impact on service delivery, in particular the challenge to how we were to provide our services remotely. However, we have adapted our service delivery to digital wherever possible and this has given our customers a wider choice of accessing our services going forward which is a welcome addition to our overall service offer.

One of the key challenges for Health and Safety was the impact Covid placed upon the risk assessment process and workplace activities including audits, some training courses, and site visits. This last year has had a focus of catching up with this work which has been welcomed by our customers. A continued area of challenge for HR is the growth of multi academy trusts, where they centralise the 'back-office' services and appoint their own in-house specialists. This is set to continue attention is being given to how we can attract other businesses to take up our service offer.

Budgets continue to be stretched for our customers so in order to retain their business we have also promoted a loyalty discount for customers that buy into a multiple year SLA. This has proven popular, in particular with Multi Academy Trusts.

Looking forward to this year

People Services have re-defined their Commercial Strategy and Delivery Plan which has a focus on attracting new customers, reviewing our service offering to make sure it is still of a high quality, relevant to meeting customers' needs and it is cost effective providing value for money. Following the successful appointment of an Adviser to the Learning & Development team a traded service offer has been developed and this is starting to generate additional income.

We will continue to diversify our customer base through the active marketing of our services and products beyond the education sector. As a People Service, we aim to offer a compendium of products that will be viewed as adding value. To achieve this, we will continue to be proactive in our approach to understanding both current and new customers' requirements. We will also ensure our services and products are flexible enough to respond to their business requirements in an ever-changing world of business priorities.

Operational Property Service (OPS) & Facilities Management (FM) overview

Reflecting on last year's performance

Within a challenging year for traded services, all OPS teams have been operational during all Covid restrictions over the last 24 months. They have supported frontline services with workplace recovery, PPE distribution, the provision of a "Drive Through vaccination HUB" and COVID test sites. This is in addition to maintaining functions essential to keep our corporate sites and maintained school buildings operational.

There has been some continued growth in contribution in this challenging market from traded "Soft FM" managed services achieving its stretch target contribution of £300k, a 15% increase from its £260k target in 2020/21.

Premises Support Services, Furniture Moves & Logistics Services continued to provide support to the "Ways of Working" programme and office workplace transformation.

LTS Central Print Services have supported Public Health and Corporate Resources with over 463 individual requests undertaken in year to support frontline efforts against COVID.

The Site Maintenance & Adaptations Team reorganisation has been successful, and the service has achieved a £44k surplus against budget.

Overall, the service delivered a contribution of £495k*, against a target of £780k.

* Includes £44k contribution from Site Maintenance & Adaptations Service

Challenges

Soft Facilities services tender opportunities reduced considerably this year with many potential bid opportunities being delayed during the pandemic. Despite this, the Soft FM team were still able to secure additional contracts for Leicestershire Police cleaning (over 8 years) as well as multiple school and academy trusts.

LTS Central Print, Traded Premises officers and the Furniture team have all seen reduction in work and income volumes this year, which has also been impacted by recruitment challenges in the Traded Premises Support team.

The Sites Development team has been heavily impacted by COVID restrictions, with clients suspending operations and reducing the volume of orders, it achieved a £38k contribution against the stretch target of £93k.

The impact on all traded services has been mitigated by staff being redeployed to support other service areas where staff may be shielding or dealing with increased workload on frontline services due to the pandemic as well as the distribution of PPE to adult care providers, schools and academies.

Financial impacts on affected services have also increased with the withdrawal of financial support available from the Government furlough scheme.

Looking forward this year

Recent 2021/22 structural reorganisations have been implemented for Soft FM, Furniture Team and Premises Services, but the full-year benefits of these won't be fully realised in 2022/23. We will be redefining the Central Print Service operating model for the future with much of its previous work moving to digital formats and processes. With remote working now the norm this presents huge challenges for the Print Service in terms of how it will operate going forward.

In 2021/22, the Property Helpdesk and OPS business support functions have been reorganised to support ongoing financial efficiencies.

In 2022/23, we will be reshaping the Hard FM team to ensure it is structured to meet service user needs in relation to planned and reactive maintenance services and project delivery.

The Sites Development Team already have a growing pipeline of summer works amounting to over £350k, this is against a backdrop of capacity issues due to ongoing recruitment and retention challenges to overcome.

Hospitality and leisure overview

Reflecting on last year's performance

The past twelve months have remained extremely challenging for the whole of the catering and events sector and our cafes and Beaumanor Hall were no exception. Business at Beaumanor was heavily impacted by government restrictions that prevented reopening and by cancellations which lasted most of the academic year. However, once Beaumanor was allowed to reopen and the new academic year commenced, business has returned very strongly, at times exceeding pre-pandemic levels.

Overall, Beaumanor made a loss of £177k, against a budgeted contribution of £8k. In reality, this cost is higher as a number of Beaumanor's costs, including repairs and maintenance, are held in other budgets.

By contrast, business in our cafes remained strong and Beacon Hill café & Tithe Barn café returned a contribution of £78k, against a projected contribution of £47k. Colliery Café at Snibston has struggled to achieve the sales volume intended and so made a loss this year of £63k. County Hall catering uptake has fluctuated during 2021/22 reflecting the change to working from home in line with government guidelines and has gradually returned, albeit only to a peak of 28% of pre-pandemic levels it nevertheless, produced an underspend of £52k against a budget of £122k. All of our cafes benefited from the government's support around VAT with the reduced level meaning we received a greater income than forecast.

Trading at the Century Theatre, in common with theatres around the country, has been very challenging. A number of shows were not able to take place either due to covid restrictions, or illness in the cast. Despite this, we held a successful pantomime at Christmas the the Academy programme continues to develop. This year the theatre made a loss of £48k, compared to a budgeted loss of £31k.

Challenges

Recruitment is an acute challenge as there is a major shortage of skilled hospitality staff in the industry. It is testament to the team that they have often filled additional hours at short notice and worked shifts with unsocial hours to help deliver events and activities.

By the end of the financial year, the impact of food price rises and rising energy costs was already manifesting in issues with supply and pricing from our suppliers and we expect this trend to continue in the next financial year.

Looking forward to this year

We will be launching new packages for weddings and private hire at Beaumanor in rooms for smaller numbers. This will give us the option of catering for more than one wedding a day for smaller numbers.

Our margin position will be significantly improved as we will deliver fewer in house events and make full use of the grounds and open space for social large-scale events such as Gin Picnic in the park, Outdoor cinema and Winter fairs, delivered by third party organisations. The pipeline of bookings for 2022/23 and beyond is already looking very healthy.

Our café offer will be reviewed in line with resources and rising food costs, a new menu has been rolled out to reflect demand and protect and improve our margin position.

Colliery Café will be let to bring in a rental income for the space, whilst maintaining a café offer for the Snibston Colliery Park site.

Leicester-Shire Schools Music Service

As a wholly grant funded programme we have removed the Music Service from this report. To better align with the education strategy for Children and Families Service they now reside in that Department.

Marketing Overview

Reflection

2021/22 remained unsteady for a number of areas in the LTS portfolio. Our ambitions for marketing in 2021/22 was to clearly convey that ‘we’re open and ready for your business’.

Following the knockback that media coverage had in this area in 20/21 with just 47 articles being published, we wanted to share as much good news as possible from offering school food vouchers and learning and development courses, to promoting new offers at our leisure sites and jobs in school food. As the pandemic became more manageable, there were opportunities to take advantage of the media spotlight and really pitch and package stories. In total across LTS, Heritage, Leisure and Country parks more than 470 media points were gained including national and local coverage. Social media following and engagement continued to grow, notably the Colliery Café, which had a significant growth in followers on the Facebook page (+271% year on year).

The government’s culture recovery fund and the crowdfunding operation for the Watermead Memorial Trail meant that new things were able to open in 2021/22 despite the uncertainty of the ongoing pandemic. New features at the Century Theatre including an outdoor stage and upgraded equipment allowed for further development of the Century Theatre Academy. A celebration event was hosted at Snibston Colliery Park in July 2021 to showcase what’s on offer at the regenerated park – it received significant coverage in the media across TV and radio and all

events (free) across the week were fully booked. The park later went on to receive Green Flag status for its connectivity to the town which was another key highlight of 21/22.

In person events were able to start again in summer 2021 but our identified shared learning across all sites meant that some services and products remained online. We opted for online brochures where they had proven to be successful and embraced people's behaviour change by hosting more events outside where possible. Teaser campaigns, showcasing our safety-first measures, competitions and online polls all formed part of our rolling social media strategy – to get people excited and engaged in our products and services. We highlighted the success of services as they shifted and adapted and streamlined customer service journeys by redirecting the LTS inbox to the helpdesk. Following the absence of trade shows in 2020, we attended the Schools and Academies Show which provided the opportunity to network with potential clients. 33 leads were established at the event and although less than previous years, the quality of enquiries was much higher. Customer engagement remained high as people had shifted how they wanted to be communicated with and in turn, response time expectations were heightened. Rapid tech developments in Teams chat , Skype chat and direct message functions on social media meant customers were contacting us in multiple ways at the touch of a button any time within a 24 hour period. Auto-responses and adjusting biographies allowed us to manage expectations and volume.

In June 2021, we successfully opened the Watermead Memorial Walk following the council's first involvement in a crowdfunding initiative. Later in the year, the park went on to secure funding from the Severn Trent Community Fund for further environmental projects in the park.

Our Health and Safety, HR, Learning and Development and Property services all had an increase in demand as a direct result of the pandemic – school facilities needed to be maintained, there was an increase on mental health first aid and the uncertainty of the job market meant advisory and professional services were in high demand. We supported this through direct email marketing, LinkedIn sharing and digital flyers.

We supported school food through the recruitment and food supplier crisis by creating bespoke campaigns for vacancies (72) and drafting direct and public communications for parents and the media when an emergency menu was required.

Throughout 2021/22 we created new and engaging content using Reels (Instagram) and video for Beaumanor Hall to increase customer relationships and supplier engagement.

Looking forward

In 2022/23 we'll be looking to fully recover services and will target focused new audiences when the time is right. We'll keep our customers informed by ensuring email marketing lists are up to date - highlighting current offers and cross-selling where possible. Working with colleagues in BI, we'll use research to find out how our customers are operating and how their budgets are being affected by national and global issues so we can adjust and evaluate. The data, insight and feedback we gather will underpin our activity and selected methods of marketing.

Key themes running throughout our campaigns this year including recruitment, growth and the environment. We'll look to identify a pipeline of good news stories where we can highlight these themes and showcase how our services and products are contributing to Leicestershire being a great place to live and work.

Utilising new content features of digital marketing and planning video campaigns we'll push teasers showing experiences, prize draws and offers that will keep us competitive in a buoyant market. Shattering content will allow us to increase our digital presence through multiple campaigns effectively using both resource and budget. With an increased interest in locations for filming, we'll look to drive collaborative offers that make use of our spaces, venues and attractions – specifically looking at hire for events and filming.

Leaving 2021/22 on a media high, we'll looking to continue pushing good news stories and seek to receive industry recognition through relevant awards. We'll seek out headline successes and package stories for regional and trade press.

Online, we'll develop our web presence and content on microsites to expand visibility to potential clients and improve customer journeys when completing transactions. Our risk radar will remain sharp to enable us to manage reputational issues as they arise and be on the front foot of key service changes. Ultimately, we hope that 2022/23 will allow us to have greater marketing opportunities to recover and grow our products and services.

Financial contribution

	Budget Target	Outturn	Variance
	£000	£000	£000
LTS Leisure & Hospitality	86	104	18
LTS Education Catering	-118	401	519
LTS Beaumanor	-323	179	502
LTS Professional Services	-462	-557	-95
Music Service	0	-10	-10
Country Parks	235	276	41
Forestry	-18	-11	7
Hard FM	556	631	75
Soft FM	-482	-429	53

Print	-68	66	134
LTS Infrastructure (excl unallocated challenge)	225	313	88
LTS Unallocated Challenge	-1,141	-232	909
Total Commercial	-1,509	731	2,240

The overall result for LTS in 2021/22 is a net spend of £731k. This compares to the budget target of a net contribution of £1,509k, which was set in February 2021. All of the main variances are covered and explained earlier within the appendix.

2022/23 is viewed as being a year for consolidation and development in a number of the areas that failed to meet their financial targets this year, in particular School Food, Beaumanor, Hard FM and Print.

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SCRUTINY COMMISSION – 8th JUNE 2022

CORPORATE COMPLAINTS AND COMPLIMENTS
ANNUAL REPORT 2021 – 2022

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of Report

1. The purpose of this report is to present for the Commission's consideration the Corporate Complaints and Compliments Annual Report, covering the period from 1 April 2021 to 31 March 2022. This is attached as an appendix to this report.

Background

2. The Complaints and Information Team manages and co-ordinates complaints relating to 3 separate complaints systems:
 - (i) Adult Social Care statutory process;
 - (ii) Children's Social Care statutory process;
 - (iii) Corporate Complaints process – these are complaints relating to other services provided by the Council where there is no access to a statutory complaints' procedure.
3. Corporate Complaints are the primary subject of this report.
4. The corporate complaints service produces an annual report to analyse and provide comment on complaints received during the preceding 12 months.
5. As detail is included in the Annual Report itself, the purpose of this report is to highlight the headline issues emerging from the analysis of complaints activity for 2021/2022
6. Both statutory processes are subject to other reporting processes and annual reports on both areas will go to their respective Scrutiny and Overview Committees. This report will however include high level comments on each of these.

Headline statistics

Complaints received and outcomes (2020-21 comparative data is in brackets)

7. During 2021-22 the following complaints were received
 - 610 Corporate complaints (527) – a 16% increase
 - 49 Local Government and Social Care Ombudsman enquiries (38) – a 29% increase
8. 224 Corporate complaints were upheld - which is 39% of the total received (40%).
9. 50 Ombudsman Decisions were made during 2021/22 as follows:
 - 21 Closed after Initial Enquiries
 - 19 Maladministration with Injustice
 - 5 Outside of LGO remit
 - 4 No Fault found after detailed investigation
 - 1 Maladministration but with no injustice caused

Response times

10. During 2021-22, complaint response times were again impacted by the wider pandemic pressures and show some pressures on services (2020-21 figures in brackets):
 - 41% of all complaints received a response within 10 working days (51%)
 - 68% received a response within 20 working days (77%)
 - 92% received a response within the maximum 65 days recommended by LGSCO (97%)

Issues most frequently complained about

11. The top five issues complained about were as follows:

Special Educational Needs (SEN) assessment	129
SEN and School Transport	93
Waste Management	60
Environmental Services	25
Parking Provision	22

Local Government and Social Care Ombudsman Complaints

12. There has been an expected increase in the number of Ombudsman decisions this year. This follows a 3 month pause in casework during 2020-21. Findings of maladministration increased but not disproportionately.
13. Despite the increased numbers of findings of maladministration this year financial payments made across Corporate Complaints reduced from £40,000 in 2020-21 to £10,750.
14. The biggest factor in findings of maladministration continues to be SEN complaints. The Council continues to have regard to the Ombudsman's guidance on remedies and this has prevented several complaints escalating through appropriate local settlement offers.
15. The Ombudsman issued no public reports against the Council during the year.

Compliments

16. There was a slight increase in numbers of compliments recorded during the year with 226 across all services (up from 215 in 2020-21).

Adult Social Care Statutory Complaints

17. A full report on adult social care complaints will be presented to the Adults and Communities Overview and Scrutiny Committee at its meeting on 6th June 2022. The key points to note from this are outlined below to provide the Commission with an overall view of the complaints received.
18. There were 210 adult social care complaints recorded in 2021-22 an increase of 14% on 2020-21 (184).
19. Response times for social care complaints also saw some pressures during the year with 64% responded to within 20 working days. Importantly, however, just 5 (2%) exceeded the statutory maximum timescale of 65 working days (9).
20. Fault was found in 43% of complaints. Almost identical to the previous year (42%).
21. The Ombudsman investigated 10 social care complaints in 2021-22 and reached adverse findings in 5 instances. This was comparable to the previous year (4). Financial payments of £500 were also down from £700 in 2020-21.

Children Social Care Statutory Complaints

22. A detailed report on children social care complaints will be presented to the Children and Families Overview and Scrutiny Committee at its meeting on 7th June 2022. The key points from this to note are set out below.

23. A total of 65 Stage 1 complaints were accepted, almost identical to 61 in 2020-21.
24. The Council continues to assess complaints against the statutory guidance and practitioner guidance issued by the Local Government and Social Care Ombudsman in determining eligibility to the statutory procedure. This is important to control costs incurred through independent investigation.
25. 76 Childrens Social Care complaints were handled under the Corporate Complaints procedure.
26. Of the 65 complaints considered at Stage 1, 6 requested escalations to Stage 2 (Independent Investigation) equating to 10%. Of these, 4 requested further escalation to Stage 3 of the process (Panel Review) and all of those went on to approach the Ombudsman.
27. Response times for Stage 1 complaints showed some challenges with adhering to the stricter statutory timescale of 20 working days with 61% achieving this. There were also 10 complaints (17%) which exceeded 40 working days. This requires improvement to adhere to the statutory procedures.
28. The Ombudsman investigated 10 children social care complaints in 2021-22 and reached adverse findings in 3 instances. Financial payments of £300 were made, significantly down from £11,900 in 2020-21.

Recommendations

29. The Commission is asked to:
 - (i) note the contents of the Corporate Complaints Annual Report, covering the period 1 April 2021 to 31 March 2022;
 - (ii) provide comment and feedback on the content and analysis within the report.

Equality and Human Rights Implications

None

Circulation under the Local Issues Alert Procedure

None.

Background Papers

Corporate Complaints and Compliments Annual Report 2020 – 2021: Scrutiny Commission – 12 July 2021

<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=137&MId=6608&Ver=4>

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List of Appendices

Appendix - Corporate Complaints and Compliments Annual Report 2021 – 22

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Complaints



Corporate Complaints & Compliments Annual Report 2021 - 2022

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1. Purpose of Report

- 1.1** To report statistical information on Leicestershire County Council's (LCC) corporate complaints and compliment activity from 1 April 2021 to 31 March 2022.
- 1.2** To provide an open resource to anyone who wishes to scrutinize local services
- 1.3** To outline the key developments and planned improvements to the complaints processes operated by the Council.
- 1.4** To demonstrate how some of the learning from complaints and compliments has been used to shape future service delivery and improve the overall customer experience.

2. Complaints and Compliments received in 2021-22

2.1 Introduction

The Complaints Team manages and co-ordinates complaints relating to 3 separate complaints systems –

- i) Adult Social Care statutory process
- ii) Children's Social Care statutory process
- iii) Corporate Complaints process – these are complaints relating to all other services provided by the Council where there is no access to a statutory complaints' procedure.

In addition, the team deals with a wide range of interactions with customers that do not go on to become formal complaints. These include capturing compliments and comments about all Council services. The Complaints and Information team also look for opportunities to “fix and solve” issues through informal resolution as well as signposting to other organisations or alternative routes of redress as required.

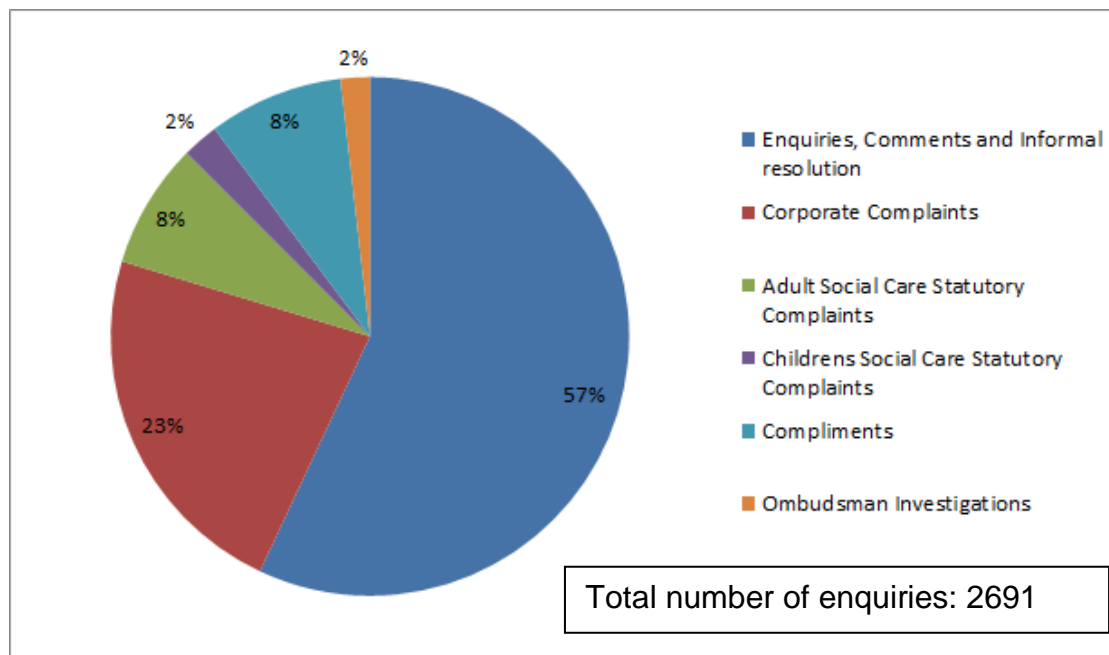
Whilst many of the above queries are quickly resolved, those where exemptions from the complaints procedure apply can often generate significant correspondence and phone calls.

The team also, in liaison with the Director of Law and Governance, manage all complaints that are referred to the Local Government and Social Care Ombudsman (LGSCO). The Complaints and Information Manager acts as the nominated Link Officer and handles all correspondence between the Council and the Ombudsman.

2.2 Summary of all complaints, compliments and enquiries received in 2021-22

In total, the Complaints Team received and processed 2691 separate enquiries during 2021/2022, as depicted below

Table 1: Breakdown of all complaints and enquiries received by the Complaints team



A significant number of enquiries do not need to be formally investigated as complaints but instead the public are assisted by the Complaints and Information team to access the appropriate service or to resolve any difficulties they are having.

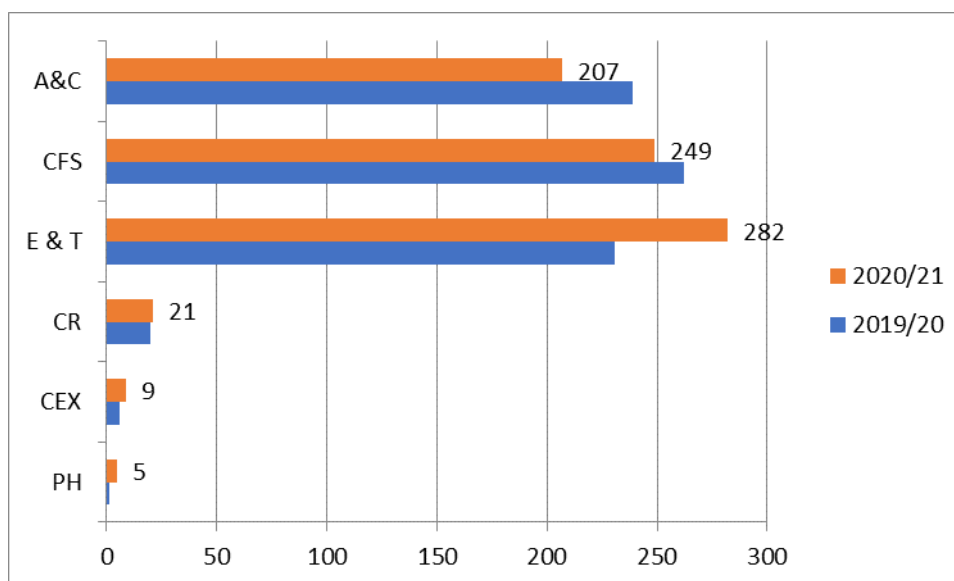
These are collated under Enquiries, Comments, and Informal Resolution. Further detail is provided on this under Section 2.6. At 57% of the overall volume this is a significant and increasing role for the team.

Overall, there has been a further 13% increase in contacts to the Complaints and Information Team, as set out in the table below. The significant increase in volume of Ombudsman investigations was expected as there was a 3 month pause in casework during 2020-21.

Contact Type	2020/1	2021/22	% Change
Enquiries, Comments, and Informal resolution	1364	1531	+13%
Corporate Complaints	527	610	+16%
Adult Social Care Statutory Complaints	184	210	+14%
Childrens Social Care Statutory Complaints	63	65	+3%
Ombudsman Investigations	38	49	+29%
Compliments	215	226	+5%
	2391	2691	+13%

Formal complaints were received across all departments in 2021-22 as represented in the graphic below, contrasted with the figures for 2020-21.

Table 2 – All complaints (statutory and non-statutory) by Department

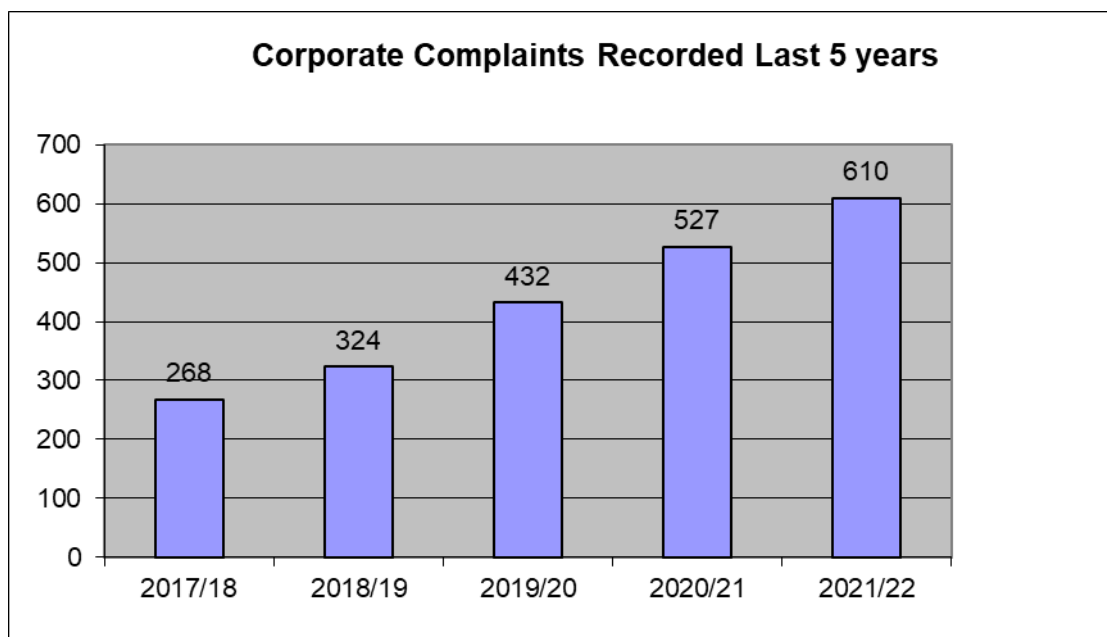


It should be noted that this report and the following analysis relates solely to the Council's corporate complaints and compliments processes

2.3 Corporate Complaints trend analysis

The total number of corporate complaints received increased by 16% during 2021-22. This follows a 21% rise from the previous year and continues the long-term trend of significant increase.

Table 3: Corporate Complaints recorded during the last 5 years



2.4 Analysis of corporate complaint themes and significant changes from 2021-22

A key part of an effective complaints system is to highlight areas for improvement and to seek improvement of those services year on year.

In the 2020-21 corporate complaints annual report, the 5 services detailed below received the most complaints. Comparative data for 2020-21 shows it has again been a challenging year for most of these areas.

Service	2020/21	2021/22
School and SEN Transport	69	93
Waste Management	69	60
Highway and Footway Maintenance	58	22
SEN Assessment	38	129
Environmental Services	21	25

The one service that saw a significant reduction in formal complaints was Highways Maintenance. This is a combination of better information provision (both automated and through the Customer Service Centre) and having effective departmental links who are often able to quickly intervene and resolve matters informally. Our Complaints procedure allows for a window of 24 hours for such informal resolution, and there have been many examples of this working effectively this year.

The remaining 4 services remain the most common areas of complaint as set out below along with detailed commentary for each area.

2.5 Analysis of most common corporate complaints in 2021-22

The list below details the 5 most frequent complained about services during 2020-22.¹

Service	2021/22
SEN Assessment	129
SEN and School Transport	93
Waste Management	60

¹ This list excludes the 76 complaints about Childrens Social Care and where the complainant lacked access to the statutory complaints procedure. These themes will be explored in the Childrens Social Care Annual Report 2021-22

Environmental Services	25
Parking Provision	22

special Educational Needs (SEN) Assessment

Representing 21% of the overall volume this is the service that has generated the most complaints during the year.

Recurring themes include timeliness of carrying out Annual Reviews, Issuing of Education and Health Care Plans (EHCP) and difficulties with contacting SEN Officers

At the heart of the challenge is a significant backlog of outstanding reviews and demand pressures that are rising each year. There are also issues with the capacity of special school places and external market pressures around therapy provision.

During the year there has been significant improvement work taking place, but this will take time to translate to a reduction in complaints. Some of the key initiatives include

- A new case management system to improve case recording and efficiency
- Re-structure within the team, including the addition of 8 Case Managers
- Improved reporting to increase management oversight on problem areas

SEN and School Transport

It has been a very challenging year for this service.

A combination of new policies being introduced, adapting to the pandemic pressures and large volumes of late EHCPs being agreed have all contributed heavily.

The principal source of complaints has been delays in arranging transport ahead of the Autumn term. Other repeat themes have been quality and consistency of transport arrangements and delays in processing and issuing Personal Transport Budget payments.

There is significant work taking place to generate improvements. Much greater co-working with colleagues in SEN is a key priority as well as improved systems to enable parents to self-check the status of applications for transport.

Extra capacity is already being ear-marked for the start of Autumn term 2022 to ensure that all departments are better equipped to handle the volume of expected enquiries which was a significant problem this year.

The other significant activity taking place is the commissioning of an independent diagnostic review of the way we deliver the service. This will be for a 6-month period and will deliver recommendations for changes to service delivery ahead of the new season

Waste Management

As already noted, Waste Management saw a slight reduction during the year, though volumes remained quite high. The type of complaints has also changed significantly in this area with the removal during the year of the need to book appointments to use the waste sites.

Inevitably given the volume of appointments being made there were some issues with this that prompted contact to the Complaints and Information team for assistance. There has been a distinct drop off in complaints during quarters 3 and 4 as this requirement was removed.

Towards the end of the reporting year, it was evident that staffing challenges were starting to generate complaints, most notably around the temporary closures of Bottesford and Somerby. This will likely continue to be a theme through 2022-23.

Other policy areas generating complaints this year included our approach to assisting members of the public with disposing of waste. These were rarely upheld as the Council's policy was clear but did on occasion generate upheld complaints regarding staff conduct and management of the situation.

Environmental Services

This service comprises primarily of drainage and grass cutting and the volume of complaints received presented as stable. It is not flagged as an area of concern.

There was an even split between Drainage (12) and Grass Cutting (13). There were also many good examples of informal resolution being achieved in this area through effective linkages with the department.

Parking Provision

This is a new service area to feature in the higher category of complaints and is driven almost exclusively by greater consistency in the application of our policy regarding Vehicle Access Requests (Dropped Kerbs).

This has seen a higher proportion of these applications being refused and has understandably generated complaints about perceived unfairness as residents compare their situation to neighbours.

It is the service that saw the least number of complaints upheld with fault found in just 1 of the 22 complaints due to a failure to provide clear information about Disabled Bay Markings.

2.6 Enquiries and Out of Jurisdiction complaints

As well as managing formal complaints, the Complaints Team is also well placed to proactively assist customers where they simply looking for assistance or struggling to contact the service they need.

Many such matters can be quickly and informally put right and where this is the case, the intervention is not formally recorded as a complaint. Our complaints policy specifies a window of opportunity of up to 24 hours to achieve such informal

resolution. In all instances the complaints team will track the case to ensure resolution is made.

Similarly, under our policy a request for service is not a complaint (for example, a request for service could be a request to repair a pothole). A complaint would generally only arise should the request for service not be properly dealt with or there is evidence this has been reported previously.

The Complaints Team regularly handles calls of this nature and takes ownership of the case, liaising with the department to ensure they are responded to promptly.

During 2021-22, the Complaints Team handled 1,531 miscellaneous enquiries consisting of:

- First time requests for service which were passed to the relevant Customer Service Centre or other access point (310)
- Informal resolution within 24 hours. This includes provision of advice and information about Council services and policies (696)
- Providing advice and signposting to the correct organisation e.g., District Councils, Academies, Health (233).
- Providing advice and signposting to alternative procedures for redress, for example internal appeals procedures, subject access requests, HR procedures (113)

Sometimes, these are simple matters for the team to resolve. Others can be extremely difficult cases; especially when managing expectations and where nothing more can be achieved through the complaints process.

Wherever possible, the Complaints Team aims to resolve customer complaints and concerns without the need to escalate into the formal complaints process. This is good complaints handling practice with complaints being resolved as close to the point of origin as possible.

This year there has been a significant acceleration of the use of digital channels for services. Whilst the majority of this has worked well, inevitably there has been some instances where the process has not worked, and customers have turned to the complaints team for assistance. Most notably online bookings for waste site appointments.

2.7 Compliments received

226 compliments were recorded across all services during 2021-22. This is slightly up from 2020-21. At the start of the year, our Complaints and Compliments webpage has been refreshed to ensure that it is more visible how to make a compliment and this is a factor behind the rise.

It is always encouraging to see visibility of the good work that is being delivered by the Council and it will remain a topic for discussion with departments to encourage and promote sending compliments in for central collation

A small selection of the compliments received about corporate services can be found in Appendix A of this document.

3. Service Performance 2021-22

The key performance indicators for speed of response, outcomes and identified learning are linked to complaints that have been *resolved* within any given reporting period rather than received.

This is important as it ensures that full data sets can be presented, both to departments on a quarterly basis, and at year end. It also avoids the scenario whereby Ombudsman findings of maladministration might not appear in annual reports (where outcomes are not known at the time of production).

It follows from all the above that the figures presented below will not match the data presented in section two of this report which focused on complaints *received*.

3.1 Responsiveness to corporate complaints

Table 4: Corporate Complaints Performance against timescales

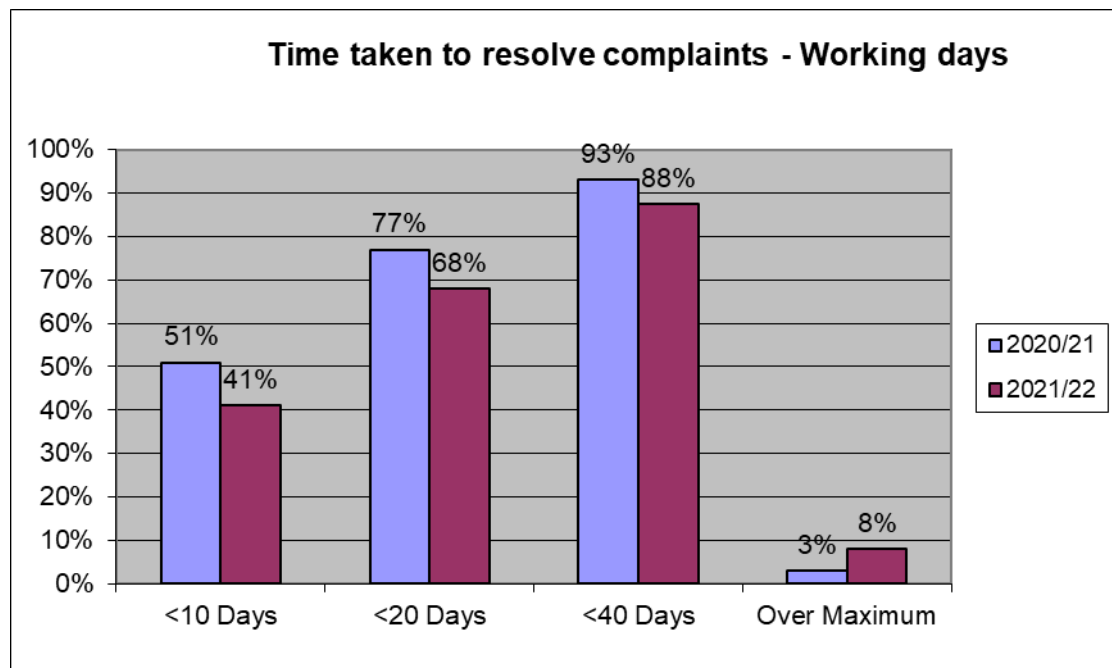


Table 4 above shows a summary of time taken to respond to complaints, providing a comparison between the current reporting year and the previous one.

Unsurprisingly given the volume increases this year there has been some pressure on services responding to complaints this year. There has also been an increase in the numbers requesting a review which then takes longer to complete the process.

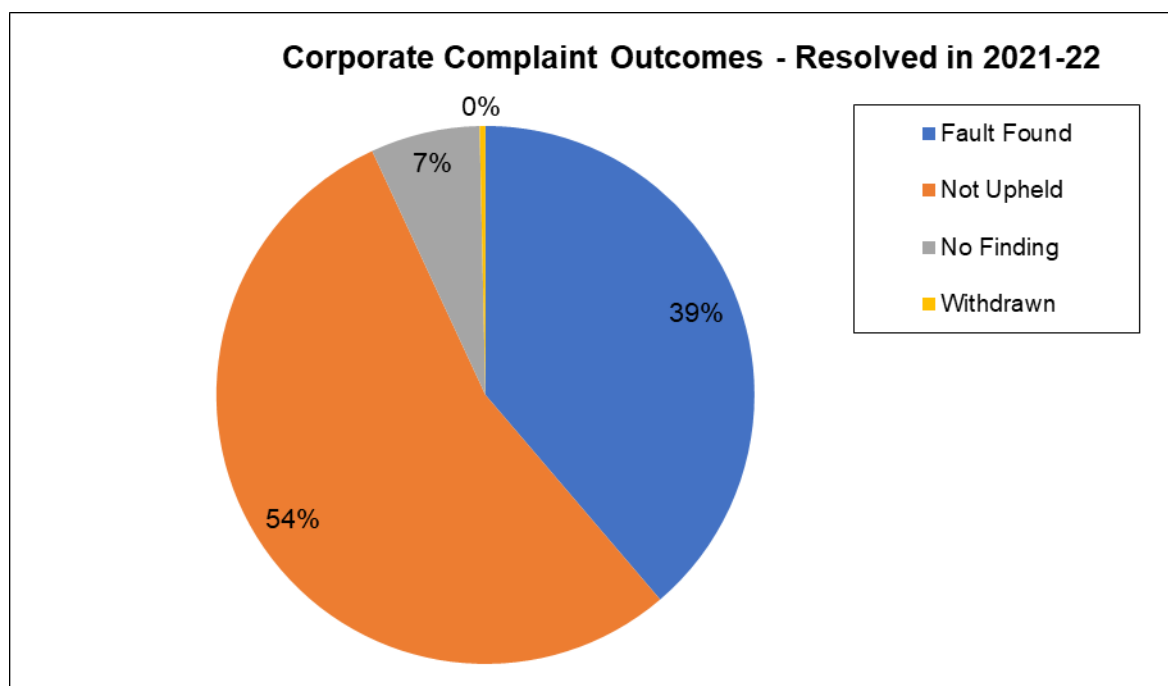
It is not possible to report separately on the elapsed time carrying out the review element, but changes have been made to be able to report on the overall numbers of complaints where a review was requested. This data will be available from the 2022/23 annual report.

Although timescales for responding have dropped this year, 88% of all complaints were still completed (including any senior manager review) within 40 working days. 47 (8%) took longer than the policy maximum and this does require improvement. Fresh reminders have been issued through all departmental leadership teams of the importance of prompt complaint resolution.

The Local Government and Social Care Ombudsman issued guidance during the year that it would take a sympathetic view to complaint response timescales but stressed the importance of clear communication with complainants to manage expectations. This is routinely done by the Complaints and Information team.

3.2 Corporate Complaint Outcomes & Resolutions

Table 5: Corporate complaints recorded by outcome.



To align with Local Ombudsman data classification and simplify our own reporting, the Council no longer differentiates between whether a complaint was partly or fully upheld. Instead, the Complaints team will assess all complaints responded to and classify as either “Fault Found” or “Not Upheld”

Table 5 above shows that 224 (39%) complaints were upheld to some extent following investigation, this is almost identical to 2020-21 (40%)

Thirty-eight complaints were resolved with no finding. This is where there was insufficient evidence to make a finding (e.g., two irreconcilable versions of events).

Prompt acceptance and ownership of any mistakes can help prevent costly complaint escalation.

4. Learning from corporate complaints

Complaints are a valuable source of information which help to identify recurring or underlying problems and potential improvements. We know that numbers alone do not tell everything about the attitude towards complaints and how they are responded to locally. Arguably of more importance is to understand the impact those complaints have on people and to learn the lessons from complaints to improve the experience for others.

Lessons can usually be learned from complaints that were upheld but also in some instances where no fault was found but the Authority recognises that improvements to services can be made.

Occasionally issues will be identified that need to be addressed over and above the original complaint. The Complaints Team will always try to look at the “bigger picture” to ensure that residents receive the best possible service from the Council

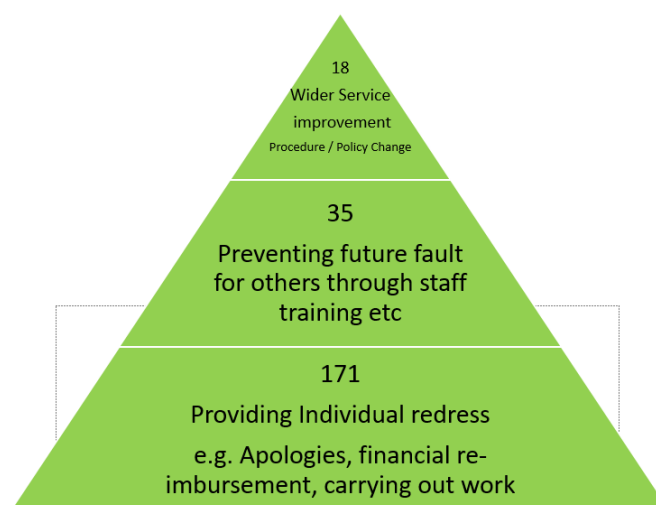
4.1 Remedial actions taken from resolved complaints 2021-22

All the 224 complaints where fault has been found have been reviewed to ascertain what action the relevant department has taken, both in remedying the fault, and any wider learning to avoid such issues occurring in the future.

Remedial action typically consists of both individual redress (e.g., apology, carrying out overdue work) and wider actions that may affect many. The diagram below shows the actions taken during 2021-22.

24% of complaints upheld resulted in actions that should improve service for other residents. This is considerably lower than 2020-21, but in many instances the fault identified was that action did not happen quickly enough rather than action being incorrect. In such instances it can be difficult to identify any wider service improvement other than a need for additional resource.

Table 6: Summary of actions taken following complaint investigation



A sample of positive improvements the Council has made is set out below.

You complained that	We Have
You did not consult with the School I wanted my child to attend until too late and there are now no places	Accepted an issue with how we have consulted schools. The process has now been changed to ensure concurrent consultation takes place.
You failed to provide me details of how to make a formal complaint	We issued reminders to the team of the importance of ensuring staff are aware of the complaints process and provide signposting on request.
You have told me my EHCP has been finalised, but I still do not have it	We increased capacity within our Business Support teams to send these out in a timely fashion.
You failed to provide any notice of "nighttime" road works in my vicinity	We have reviewed our procedures to tighten this area up.
Your waste officer was unhelpful and lacked any customer care skills	We have a programme of customer care training for the waste sites. In this instance a reminder has also been issued to the site staff re discretion that can be used.
You failed to update my Direct Payment card	There was an identified issue that required a change within our finance system. This has now been resolved.
You didn't respond to my online application for a Blue Badge	On investigation we identified a software issue that had failed to transfer the application into our Customer Services team. Our ICT team have now fixed this.
SEN Officers do not respond quickly enough to queries	We understand this is an ongoing issue linked to capacity within the team. We have introduced dedicated Surgery sessions where there is always an officer available to discuss cases.
One of your contractors nearly hit my car when reversing in my road	We reviewed the incident and identified the vehicle should have been guided out. Reminders sent to all teams
You took too long to make payments for my Personal Transport Budget	This is a new scheme, and we recognise we need to improve the process. Development work is ongoing.

5. Local Government and Social Care Ombudsman enquiries

Should a complainant remain dissatisfied following internal consideration of their complaint, they can take their complaint to the Local Government and Social Care Ombudsman to seek independent investigation.

The Ombudsman will usually check with the Authority whether the complaint has exhausted the Local Authority's complaints procedure. Where this has not been done, the Ombudsman will usually refer the complaint back to the Authority, to give us an opportunity to attempt to resolve the complainant's concerns through our internal complaints processes first.

The Ombudsman publishes some headline information on each Council's performance every year, although at time of writing this report this information has not been released. This data is expected late July 2022 and will be reported through the Corporate Governance Committee in November 2022.

It is important therefore to note that the figures below are the details the Council holds for LGO enquiries.

5.1 New enquiries made by the Local Government Ombudsman 2021-22

During the year 2021-22, the Local Government Ombudsman opened new enquiries into 50 complaints. This can be further segmented by department and alongside the last 2 year's figures:

Department	2021/22	2020/21	2019/20
Environment and Transport	22	13	7
Children and Family Services	14	7	20
Adults and Communities	10	3	15
Corporate Resources	1	1	1
Chief Executives	3	1	1
Public Health	0	0	0
TOTAL	50	25	44

Although the above shows a significant increase on 2020/21, caution should be used in drawing any significant conclusions given the Ombudsman paused work for 3 months last year. Inevitably this has increased the volume received this year.

5.2 Decisions made by the Local Government and Social Care Ombudsman 2021-22

The LGSCO also issued Final Decisions on 50 cases during the year. Ombudsman complaints can take several months to conclude so some will relate to complaints received in 202/21. The outcomes reached were as follows:

- Five identified as outside of the Ombudsman's remit and discontinued on this basis
- Twenty-one were closed after initial enquiries (the Assessment stage) with no further action. Typically, this is where the LGO feel they are unlikely to find any fault or are satisfied with the Council's response.

- Four were closed after detailed investigation and with no maladministration found
- Nineteen cases of maladministration and injustice were found
- One case of maladministration but with no injustice caused

The numbers of cases where the Ombudsman highlighted maladministration increased this year from 12 in 2020/21

No Public reports were issued against the Council during the year. The Ombudsman uses Public Reports for several reasons including to highlight topical issues and highlight significant fault and learning.

Benchmarking with statistical comparative neighbours will be undertaken and reported to Corporate Governance Committee following receipt of the Council's Annual Review Letter expected in late July 2022.

Twelve of the nineteen maladministration findings related to corporate services with brief details set out below:

Education & SEND

Case 1 – SEN

Mrs A complained that the Council failed to ensure OT therapy was in place as specified in her daughter's EHCP and that an Annual Review was not carried out when due.

The Council had already accepted delays in the annual review being completed and apologised for this. The Ombudsman asked for an additional payment of £200 to be made in recognition of the uncertainty caused.

The Ombudsman was satisfied that the Council had already provided an appropriate remedy for the missed OT provision.

Case 2 – SEN and TRANSITIONS TEAM

Mrs B complained on behalf of her adult son that the Council ceased to maintain his EHCP and delayed in arranging a social care placement.

The Council accepted that it had not acted in line with legislation by failing to maintain the EHCP until rights of appeal had elapsed. It agreed to a payment of £200 in recognition of this.

The Ombudsman also found undue delay in the Transitions team securing a social care placement and asked that a payment of £200 be made in recognition of 3 months where a placement should have been in place. The Council also agreed to procure additional equipment to assist with accessing support.

Case 3 – SEN:

Mrs C complained that the Council had failed to properly assess her daughter's needs and delayed in carrying out an Annual Review.

The Ombudsman did not find fault with how the Council had assessed needs but did find fault with delay in carrying out reviews.

The Council agreed to apologise and make a payment of £150 in recognition of distress. It also agreed to act in reminding all officers of the importance of statutory timescales.

Case 4 – School Admissions and Inclusion Services:

Mrs D complained that the Council did not offer enough help in securing her son a school placement.

In the Council's initial response, it was fully accepted that there were delays in referral to the Inclusion Services team and a payment of £1,300 had been offered in recognition of this. An apology was provided along with re-assurance of actions that had been taken to improve our procedures.

The Ombudsman accepted that this was an appropriate offer and did not issue any additional recommendations

Case 5 – SEN

Mrs E complained that the Council had failed to put in place the provision as specified within her son's EHCP.

The Council had accepted fault and proposed a remedy offer of £200 per month of missed education. Whilst welcoming this, the Ombudsman felt that this was not sufficient and asked that the Council increase this to £400 per month

The Council accepted this and made a total payment of £7,900 which included a time and trouble payment of £300.

The Council had already outlined steps being taken to mitigate this fault happening again and the Ombudsman was satisfied with this.

Environment and Transport

Case 6 – Network Management:

Mr F complained that the Council did not properly deal with a road closure.

The Council accepted that not all the emergency services contact details it held were the correct ones. It had already taken steps to update this list and agreed to provide an apology to Mr F

Case 7 – Flood Management:

Mrs G complained about the way the Council dealt with concerns raised regarding potential flooding around her property.

This was a joint complaint with the relevant Planning Authority. The Ombudsman found fault that the County Council had failed to properly address concerns re Ordinary Watercourse consent and had delayed in clarifying the situation. The Council accepted the findings and agreed to a payment of £250 in recognition of

this. It agreed to work collaboratively with the Planning Authority who had been asked to undertake a fresh assessment of the situation.

Case 8 – SEN Transport:

Mrs H complained that the Council's appeal process in considering her request for re-consideration of a decision not to provide post 16 transport for her son.

The Ombudsman identified fault that the Council failed to ensure Mrs H had the opportunity to provide verbal representations which is not in line with statutory guidance.

The Council agreed to undertake a fresh appeal and revise its appeals policy.

Cases 9,10 and 11 – School Transport

Three identical complaints that the Council removed access to the Farepayer Scheme that was previously provided.

The Ombudsman was critical that the Council had not carried out any consultation with affected parties before making the decision to end this scheme.

The Council accepted the decision and agreed to make payments of £150 to each complainant in recognition of distress and uncertainty caused.

At time of this report, the Council is confirming with the affected parties if they wish to continue purchasing a seat and if there are spaces will apply for a further Public Service Vehicle Accessibility Regulation (PSVAR) exemption.

The Council also agreed to review its procedures around consultation when making changes to Transport policies.

Regulatory Services

Case 12: Trading Standards

Mr J complained that the Council did not make sufficiently clear its position about prosecution of a rogue builder. He argued that the Council's faults prevented a 3rd party taking action.

The Ombudsman found fault in communication with Mr J but did not accept the argument that this prevented another organisation taking action. The Ombudsman requested a payment of £100 was made in recognition of raised uncertainty. The Council agreed to this.

Overall compensation payments recommended by the Ombudsman this year amounted to **£10,750**.

6. Oversight and support provided by Complaint's service

The Complaints Team continues to support departments to both manage and learn from complaints. The key services offered by the team are:

1. Complaint's advice and support
2. Production of Performance Reports
3. Liaison with the Local Government and Social Care Ombudsman
4. Quality Assurance of complaint responses
5. Complaint handling training for managers
6. Acting as a critical friend to challenge service practice
7. Support with persistent and unreasonable complainants

The Complaints Manager offers regular assistance in several complex cases and acts as a single point of contact within the Authority. This helps manage protracted disputes and ensures consistent responses are issued.

In-house training focused on the core techniques of investigation and responding to complaints has remained unavailable this year. This was initially to the pandemic pressures but also demand pressures on the service have prevented resumption.

It is recognised that this is an important offer and will be re-started during 2022 once additional resources have started within the team.

Assistance continues to be routinely provided to managers in drafting comprehensive responses to complaint investigations. This helps ensure a consistency of response and that due process is followed.

Quarterly complaints reports are produced and presented to Departmental Management Teams or Senior Leadership Teams as appropriate.

Although primarily for statutory Childrens Social Care complaints, a dedicated Complaints Investigator post has been recruited for and will start in Summer 2022. This marks the first time we have used such an in-house post but will help greatly in reducing costs of escalated complaints and it is expected this will offer greater flexibility to help manage the increasing number of SEN complaints

7. Concluding Comments

This has been a challenging year across many areas of the organisation, including the Complaints team. Services have had to continually adapt to the pandemic pressures and the rising numbers of complaints.

Despite these increases, responsiveness to complaints remains largely good evidenced by the 93% of complaints resolved within our policy timescale. Although there have been 12 adverse decisions by the Ombudsman, only one case involved a significant financial award and there is good evidence that departments are accepting and remedying fault appropriately in many cases.

This report highlights specific concerns around both SEN Assessment and Transport. Collectively these two areas amount to 36% of the overall volume.

The Complaints Manager is assured by the level of activity taking place in both areas, but it should be recognised that the level of development required will take time to translate into a significant reduction in complaint volumes.

APPENDIX A – Sample of compliments received

- I am so grateful for your fantastic eBook service! It gives me the ability to read the kind of fiction that I love – **Libraries**
- 8 separate compliments re Wreath making session at Oadby Library – **Libraries**
- Thank you to the SENA team for all the incredible support and for agreeing the placement– **SEN Assessment**
- I am so happy to hear your helping me get my son into a school to cater for his needs. Thank you so much to Sam & team – **SEN Assessment**
- Thank you Kanan for all your help and support which has made a massive difference to us SENCOs – **SEN Assessment**
- Thank you, Jo, for all of your help and support through this process – **Early Years Childcare**
- Thank you to CSC for the great teamwork in arranging a blue badge for my friend. – **Customer Services**
- Thank you, Julie, for your help, it's really great to speak to someone who sees beyond the systems and paperwork to the person in need. – **Customer Services**
- Many thanks Sam for taking the time and effort to respond to my email, your reply is first rate – **Customer Services**
- Thank you Pamela & Harshad for your prompt and professional response. – **Corporate Finance**
- Many thanks to the E&T team for repairing the chevron markers on the A444 bend at the Austrey turn and for carrying out cleaning work on the ditches– **Highways**
- Thank you to Peter and the forestry team for your excellent work completed on Hathern Road - **Forestry**
- Thank you so much, the hedges were cut back and cleared so we can now finally safely use the footpath with our children! - **Highways**
- Thank you LCC highways for the swift response to my report of a badly damaged footbridge & well done for doing a good job. – **Highways**
- Thank you, Donna, Louise & E&T team for actioning a concern that was raised of an encroached walkway in Waltham– **PROW**
- Thank you, Andy & team, for having the work carried out on the drains outside our house and the preventative actions you have taken. - **Environmental Services**

- The whetstone waste team are the jewels in the crown, a fantastic bunch, I am very thankful for the service they provide. – **Waste Management**
- I just wanted to say that the driver and escort are fantastic & so understanding of my daughter's needs. – **SEN Transport**
- Well done Kate for signposting a service user to the wider Connected for Warmth offer which has resulted in central heating installation – **Public Health**
- Thank you, Tina, for being very helpful and warming over the telephone and for explaining things in detail – **Public Health**

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Overview and Scrutiny

Annual Report 2021/22



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Foreword

By the Scrutiny Commissioners

We are pleased to present the Overview and Scrutiny Annual Report covering the 2021-22 municipal year. The report includes a summary of the role and responsibilities of Overview and Scrutiny and how this operates in Leicestershire, the work it has undertaken over the past year and the various outcomes achieved. It is not intended to be a complete commentary of everything we have done, but a summary of the key highlights.

It has been another year of socially distanced Scrutiny, with the Covid 19 pandemic still affecting all Council services to some degree or another. Despite this, the Scrutiny Commission and the Council's five other Overview and Scrutiny Committees have continued to look at a broad range of services, monitor performance, shape Council policy and its budget and hold our Cabinet colleagues to account. We also continue to provide a voice for the public and our communities.

In Leicestershire, Scrutiny Members have always provided challenge and held robust discussions about a variety of issues. Key recent issues have been the green agenda (having now established a new Environment and Climate Change Scrutiny Committee) and issues such as the war in Ukraine and its impact on Council services and its budget.

We would like to thank all Scrutiny Members for their commitment and contribution to the process. Special thanks going to the Chairs and Spokespersons who continue to drive each Committees work programme to address areas of concern.

We are pleased that the responsible Cabinet Members have attended our Scrutiny meetings to answer our questions. We are also thankful to our partners and stakeholders that have sent representatives to share information and their experiences.

We would also like to thank Council officers for their support and hard work in facilitating the Overview and Scrutiny process.

We hope you enjoy reading the report. You can find out more about our meetings on the Council's [website](#). All Scrutiny meetings are open to the public and if you would like to get involved, Scrutiny members and the Scrutiny teams contact details are included in this report. We encourage you to get in touch and add your voice to our work.

The four Scrutiny Commissioners are responsible for leading the Overview and Scrutiny process, deciding on priority issues for Scrutiny and areas that merit more detailed review.



Michael Mullaney CC
Chairman of the
Scrutiny Commission



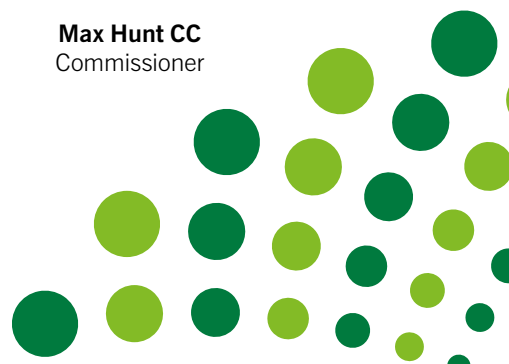
Rosita Page CC
Vice Chairman of the
Scrutiny Commission



James Poland CC
Commissioner



Max Hunt CC
Commissioner



1. What is Overview and Scrutiny?

Overview and Scrutiny (Scrutiny) plays an important part in the democratic decision making process. Scrutiny bodies do not make decisions, but instead monitor and influence those that do (i.e. the Cabinet).

The Cabinet is made up of the Leader and nine other Members elected to the Council from the majority leading political group. It takes important key decisions and implements Council policy and its budget as set by the full Council.

Scrutiny Committees are politically balanced Committees made up of non-Cabinet Members. These hold the Cabinet to account for the decisions it has taken or intends to take, and acts as a critical friend, helping to ensure the Council delivers its services efficiently and effectively. They do this by:

- Reviewing and commenting on the County Council's budget and strategic policies.
- Undertaking pre-decision scrutiny of key matters, making recommendations for improvement wherever possible.
- Monitoring and challenging the performance of services and the outcomes delivered for those living and working in Leicestershire.

As well as scrutinising the work of the County Council and the Cabinet, Scrutiny also has an important statutory role in the scrutiny of health and crime and disorder matters.

1.1 Principles of good scrutiny

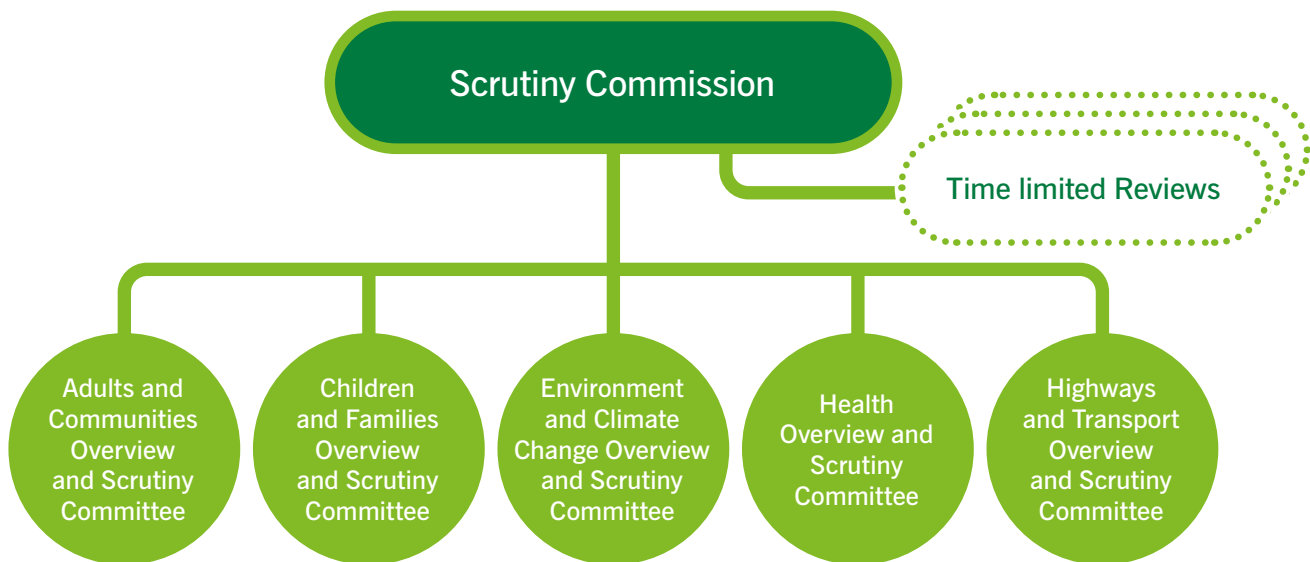
The four key principles of Scrutiny as established by the Centre for Governance and Scrutiny are:



All our Scrutiny Members received training from the Centre of Governance and Scrutiny in Autumn 2021 to help ensure these principles continue to be embedded into our approach to Scrutiny.

1.2 Our structure

In Leicestershire all Scrutiny work is carried out by the Scrutiny Commission and five Overview and Scrutiny Committees which each look at a particular area of the Council's responsibilities. These are as shown in the diagram below.



In addition to the Committee-based work they carry out, Scrutiny Committees can also initiate time limited pieces of work to look at a particular issue in detail. These can be informal task and finish groups, providing for short sharp scrutiny of a complex topic. Properly focused they ensure Members can swiftly reach conclusions and make recommendations perhaps over the course of a couple of months or less that can be considered directly by officers and Cabinet Lead Members.

Alternatively, a formal Scrutiny Review Panel can be established. Whilst time limited, these can run for several months. and their recommendations, which may suggest a change in policy or service provision, are submitted to the relevant parent Scrutiny committee prior to consideration by the Cabinet.

Reports of previous Scrutiny Review Panels and Task and Finish Groups can be viewed on the Council's [website](#).

In 2021/22 a task and finish group was established to look at the Council's Ways of Working Programme. The Programme will see a significant shift in how the Council operates and Members were keen to understand the impact of this on staff, residents, service users and elected Members.

The Group provided challenge and highlighted a number of risks to the Programme. Officers provided significant reassurance on many issues. However, the Group made 18 recommendations which have now been passed to the Director of Corporate Resources and the Lead Member for Covid Recovery and Ways of Working for action. A copy of the report can be found [here](#)

1.3 Your role in our work

Our committees work to ensure the Council and its partners are delivering the right policies and services that will benefit Leicestershire residents and service users. They do this by:

- Inviting partners, stakeholder representatives and external experts to contribute evidence to broaden Members' understanding and inform their discussions.
- Having co-opted members on the Children and Family Services Overview and Scrutiny Committee, representing parent governors, Catholic Dioceses and Church of England maintained schools.
- Using Scrutiny Members' local knowledge from within their communities to question decision makers (i.e. Cabinet Lead Members) and officers.
- Ensuring transparency by holding meetings in public and webcasting these live via the Council's [YouTube channel](#)

1.4 How to get involved

Overview and Scrutiny Committees provide a voice for the people of Leicestershire and allow the public to have a greater direct say in Council matters, and in areas which the Council is able to influence. Attendance and involvement of the public is actively encouraged, and this can be done by:

- Attending a meeting – Members of the public are welcome to attend any public meeting of a Scrutiny Committee, details of which are listed on the [online meeting calendar](#)
- Asking a question – all Scrutiny Committees allow for public questions at the beginning of each meeting. If you wish to ask a question, please see our [online guidance on how to submit a question](#).
- Submitting a petition – all Scrutiny Committees can receive petitions relating to an area that the council has authority over. It can be submitted by anyone who lives, works, or studies in Leicestershire and can be submitted in writing or as an e-petition. For further details, see our [online guidance on how to submit a petition](#)
- Identifying issues which a Scrutiny Committee might look at (particularly through a specific review).
- Providing evidence to inform Scrutiny (either in writing or in person).
- Contributing to consultations, surveys, workshops and/or focus groups.

Find out more about how Overview and Scrutiny works by accessing our Overview and Scrutiny Guide on the Council's website.

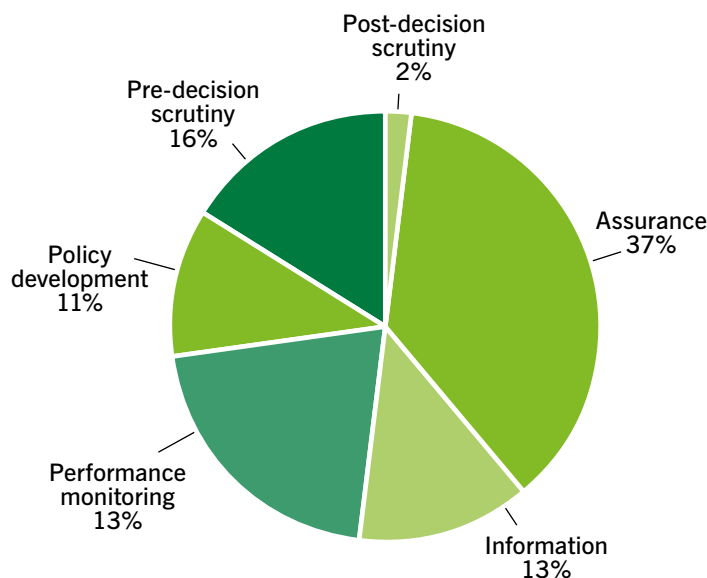
If you wish to get involved, you can contact a member of the Scrutiny Team or a Member of one of the Committees, details of which are included in this report further below.



2. Scrutiny in numbers

There are currently 55 councillors elected to Leicestershire County Council to represent the residents of Leicestershire. Of those 38 are appointed to the Scrutiny Commission and five other Overview and Scrutiny Committees, providing critical friend challenge to the Cabinet.

Figure 1 Types of Scrutiny undertaken in 2021/22



Leicestershire County Council continues to be committed to allowing residents full insight into its decision making. All our Scrutiny Committees are held in public, allowing people to attend in person to view the debate.

Meetings are also publicly broadcast live, and the recordings can be found on the Council's website where they are available to view in perpetuity. See the Council's [YouTube channel](#).

Over a quarter of the reports considered by the Council's Scrutiny Committees were on matters subsequently presented to and determined by the Cabinet, which means those decisions were taken with the benefit of input from Scrutiny.

Significant assurance was also sought throughout the year, and performance was heavily monitored. Scrutiny Committees have also continued to seek more information on key issues affecting residents.

29
Committee
meetings held

2,060
Webcast views

46
Hours of
public debate

21
Comments
submitted to
Cabinet

121
reports
considered

34
questions submitted
by members and
the public

Questions have continued to come in from our residents and from fellow elected members covering a broad range of topics as demonstrated here. We continue to welcome public engagement in our meetings and encourage residents to get involved.



Successful Scrutiny depends on good debate and challenge and asking the right questions of those who take decisions, including Lead Members as well as senior managers and council officers. The responsible Cabinet Members have attended every Scrutiny Committee meeting throughout 2021/22 to answer our questions.

Importantly, we also need to hear from external organisations and groups. In 2021/22 representations were received from a broad range of organisations and individuals. We also had many representatives of these organisations attend our meetings to provide information and answer our questions. Some of those organisations are shown here.





3.

Scrutiny Commission

The Scrutiny Commission reviews the overall strategic direction and corporate policies and priorities of the Cabinet and Council, including the budget and its four-year Medium Term Financial Strategy.

Full details of the Commission's work can be found on the Council's [website](#).

3.1 The Budget and monitoring financial performance

The central role of the Commission is to monitor the financial health of the Council. It has been another demanding year with many challenges having been presented by the pandemic and factors such as rising costs and inflation. As pressure on the Council's finances grows, the Scrutiny Commission has:

- Received a report on the Council's financial position at each of its meetings throughout 2021/22.
- Submitted its views to the Cabinet on the Council's budget proposals for the next four years.
- Questioned progress being made in the Council's campaign for fair funding.
- Raised concerns about the continued rise in SEND (Special Educational Needs and Disabilities) costs and the increasing High Needs Block deficit. This is a national problem, and the Commission has asked the Cabinet Lead Member for Resources to continue to pursue with Government and local MPs the need for a SEND funding review. Separately it has asked the Children and Family's Scrutiny Committee to consider how the issue is being managed locally (see below).
- Requested more information on:
 - the likely impact of cost and inflationary pressures on delivery of the Council's capital programme;
 - how risks arising from infrastructure projects will be managed, especially where the Council is required to match fund Government grants;
 - how it is sharing infrastructure risks with district councils and ensuring adequate section 106 developer contributions are being secured to repay any forward funding.
- Received a detailed briefing on Capital Programme delivery challenges and risks which also covered some of the concerns raised by the Highways and Transport Scrutiny Committee regarding infrastructure funding pressures (see below).

3.2 Corporate Asset Investment Fund (CAIF)

The Commission looked at the performance of the CAIF and was consulted on two specific Fund investment proposals. The Commission:

- Was reassured by the performance of the Fund which had generated an overall return of 6.1% despite economic pressures.

- Challenged the approach to invest into the Fund at a time of considerable financial pressure, especially on the Capital Programme.
- Heard how each investment decision was looked at to ensure long term benefits outweighed any potential short-term gain and that the approach was kept under review as market conditions changed.
- Received assurances on two planned investments in private debt and infrastructure funds that these would align with the Council's environmental and social policies.

3.3 Commercial Services

The Commission considered the performance of Leicestershire Traded Services (LTS) which had been hard hit by the pandemic and national and local lockdowns imposed during 2020 and 2021. The Commission:

- Noted that a number of staff had been furloughed during 2020/21 and that the Service has been reshaped to reduce costs and make it more resilient to changing circumstances in the future.
- Was pleased to see that the LTS School Meal Service had vastly improved since the Scrutiny Review Panel held in 2014 and despite the pandemic, had generated an income for the Council and been one of only two providers awarded gold standard by the Soil Association.
- Requested that improvements be made to provide more financial and management information in future reports, such as capital costs and forecasted returns, as well as a breakdown of income across geographical areas.

3.4 Strategic Growth

The Commission heard from the Head of the Growth Service and the Joint Strategic Planning Manager for Leicester and Leicestershire about the key strategic planning and growth related matters affecting the Council. The Commission:

- Raised several concerns about increased housing numbers to be delivered by Leicester City Council and the real impact this would have on districts that would have to meet an increased unmet need.
- Sought more information on how the Council's Growth Service was managing these risks and ensuring infrastructure demands arising from growth were in line with the Council's own financial capabilities.
- Was reassured to see the proactive approach being taken by the Council's Growth Service and in partnership with Leicester City Council and the district councils.
- Challenged how growth plans align with the Council's environment and zero carbon targets; something that it will continue to do in support of the work of the new Environment and Climate Change Overview and Scrutiny Committee.

3.5 Economic Growth and the LLEP

The Director of the LLEP, and Chair of the LLEP Board were invited to a Commission meeting to outline the progress it was making in delivering its priorities for 2022. The Commission:

- Was pleased to hear about the support it provided to local businesses, and it's work with young people and education bodies to match provision with local job market requirements.
- Challenged and was satisfied with the LLEP's processes for funding projects and its arrangements for monitoring and measuring outputs for the benefit of the local economy.
- Provided comments on the LLEP's Economic Growth Strategy. The Commission raised a number of concerns which were subsequently accepted by the Cabinet.

3.6 Policy development

The Commission helped shape the following Council plans and strategies by submitting its views and recommendations to the Cabinet on the following:

- The Strategic Plan 2022 - 2026
- The Leicestershire Communities Approach 2022 - 2026
- The Domestic Abuse Reduction Strategy 2022 - 2025

3.7 Next Year

The Commission will continue to monitor the Council's financial performance with particular focus on SEND and the High Needs Block deficit, adult social care, and the Capital Programme. Specifically, as the most significant part of the Capital Programme relates to Highways, the Commission will continue to monitor and challenge officers and the relevant Lead Members on this area alongside the new Highways and Transport Overview and Scrutiny Committee.

The Commission has asked to hear again from Leicester City Council on its local plan proposals and has requested a further report setting out the outcome of work commissioned by the partnership Members Advisory Group so it can better understand the growth demands that lie ahead. This will be received later in 2022.

The Commission will continue to monitor LTS' performance and challenge CAIF investments.

3.8 Membership and contact details

- [Tom Barkley CC](#)
- [Hilary Fryer CC](#)
- [Simon Galton CC](#)
- [Tony Gillard CC](#)
- [Max Hunt CC](#)
- [Jonathan Morgan CC](#)
- [Michael Mullaney CC \(Chairman\)](#)
- [Rosita Page CC \(Vice Chairman\)](#)
- [Trevor Pendleton CC](#)
- [James Poland CC](#)
- [Terry Richardson CC](#)





4.

Adults and Communities

This Committee exercises the Scrutiny function in relation to services provided by the Adults and Communities Department. It also monitors the activities of the Health and Wellbeing Board aimed at improving the integration of health and social care services.

Full details of the Committee's work can be found on the Council's [website](#).

4.1 Budget and Demand Pressures

The Adults and Communities Department has faced another challenging year mostly because of the Covid-19 pandemic and rising costs, inflation, and demand for services. There has inevitably been a concerning impact on the Department's budget requiring the Department to put forward its single, largest growth request ever. The Committee has therefore:

- Considered a report specifically regarding the demand pressures on the Department's forecasted budget for 2021/22.
- Raised questions about the increased number of non-self-funded residents being admitted to care homes and the impact this might have on the Council's budget going forward.
- Expressed concerns that the Council's low funded position meant Leicestershire spent considerably less on adult social care than other comparator authorities.
- Considered the risks and challenges faced by care providers arising from inflation and sought reassurance on how the Department was working with the adult social care market to agree that fee levels set are reasonable.
- Noted a report on the Government's Health and Social Care Levy introduced in April 2022.

4.2 Care Home Quality

Given the severe impact of the pandemic on care homes the Committee requested information on sustainability and care home quality in Leicestershire and looked at the impact of mandatory Covid-19 vaccination for people working in care homes. The Committee:

- Requested future periodic updates on Care Quality Commission (CQC) ratings of adult social care providers in Leicestershire and any impact on care market sustainability.
- Received an update on how the CQC's new Strategy was expected to affect the Department's processes and practices across a range of areas, including commissioning.
- Raised concerns about the additional stress that regulations requiring everyone working in a care home to be fully vaccinated against Covid-19 would put on such homes, noting, however, the support the Department had given to providers and that vaccine uptake had been good.

- Supported a recommendation to undertake a review of care home fees for implementation in April 2023, when Covid-19 related costs would be better known.

4.3 Digital Developments

The Committee has considered several reports relating to the work of the Department to develop its digital strategy. The Committee:

- Welcomed the positive work the Department had been undertaking to develop its digital approach to enhance the services it was able to offer.
- Was pleased to hear that the Department's digital offer was not intended to replace existing services but would instead be complementary.
- Highlighted the need to sustain focus on who the end user of the technology would be and the need to ensure the technology worked for the whole community, including Black, Asian, and Minority Ethnic communities.
- Was pleased to hear that the views of those involved (such as service users and care providers) would be regarded as critical to the success of the Strategy and that engagement through existing customer and focus groups would therefore be carried out at the appropriate stages.

4.4 Leicester, Leicestershire and Rutland (LLR) Shared Care Record

The Committee invited the LLR Care Record Programme Manager from the NHS to give a specific update on the development of a local Shared Care Record so that the Committee could better understand the scope of the project and the difficulties faced in its implementation. The Committee:

- Raised concern about the potential for information on a person's medical record to be out of date, noting that this was the responsibility of clinical and care staff.
- Requested further information to confirm the data categories that were legally restricted and would therefore not routinely be shared via the LLR Shared Care Record.
- Noted that whilst it would not be possible for a person to withdraw particular parts of their Record, objections to share certain information could be raised with the relevant local organisation and an option to 'opt out' of being registered entirely was being developed.

4.5 Care Technology Transformation

The Committee welcomed representatives from Hampshire County Council (HCC) and its strategic partner, PA Consulting Group, who are working with the Council to develop its own Care Technology Transformation project. The Committee:

- Noted that in the event a person expressed dissatisfaction with the service, there would be follow-up action with users to identify and resolve issues wherever possible.
- Noted that the process of 'lessons learnt' was continual and the service would work flexibly to adapt to individual need.
- Raised concerns that some might be resistant to having digital care technology installed in their homes but gained assurance that the approach would be person focussed and not equipment lead.
- Noted that whilst the initial focus of re-modelling the Council's service would be on providing services for elderly and frail people, but there would be potential to extend the focus to other cohorts in the future, such as those with early-stage dementia.

4.6 Performance

The Committee has continued to monitor the performance of services across the Adults and Communities Department as well as look at complaints received. The Committee:

- Was pleased to see that many performance indicators continued to be met despite the difficulties faced by the Department over the last two years due to the pandemic.
- Considered the increase in admissions to residential and nursing care.
- Requested further analysis be undertaken into e-book loan figures for adults and juniors and whether there was any indication that an increase in e-book loan activity had an impact on children's reading levels.
- Raised questions about the percentage of people with learning disabilities in employment, noting the impact of Covid 19 on the uptake of services such as day services and asked for a further report on this issue.

4.7 Policy Development and Service Changes

The Committee has helped shaped the following Council strategies and policies and departmental service changes by submitting its views and recommendations to the Cabinet on the following:

- The Strategic Plan 2022 - 2026 (comments initially submitted to the Scrutiny Commission)
- Charging for Social Care and Support Policy
- Procurement of Community Life Choices Services
- Provision of Short Breaks and Supported Living Services

4.8 Next Year

We will continue to monitor the impact of demand and cost pressures on the Departments budget, as well as the implementation of the new Home Care for Leicestershire service.

Further consideration will be given to the Government's plans to reform Adult Social Care and the Committee will submit its views and recommendations to the consultation on the refreshed LLR Carers' Strategy for 2022-26.

We will also receive a report as requested on support provided to local people with learning disabilities to help them find employment.

4.9 Membership and contact details

- [Linda Broadley CC](#)
- [Barry Champion CC](#)
- [Nick Chapman CC \(Vice Chairman\)](#)
- [Ross Hills CC](#)
- [Jewel Miah CC](#)
- [Terry Richardson CC \(Chairman\)](#)
- [Amanda Wright CC](#)



5.

Children and Families

This Committee scrutinises the services provided by the Children and Family Services Department to children, young people and families as well as education, special needs and safeguarding matters.

Full details of the Committee's work can be found on the Council's [website](#).

5.1 SEND and High Needs Block Development

The Committee has continued to consider how the Service is helping children and young people with SEND and their families, against a backdrop of rising costs and demand for such services which continues to be one of the biggest financial challenges facing the Council. The Committee has therefore:

- Monitored financial performance within SEND services with a particular focus on the High Needs Block Development programme aimed at reforming services to address the financial pressures faced. Over the last three years, £20m has been invested in SEND provision but more was still required given the continued rise in demand.
- Was pleased with positive progress being made against the Written Statement of Action through the LLR SEND Joint Commissioning Strategy, Neurodevelopmental Pathway and the Education, Health and Care (EHC) plan statutory assessment process.
- Commended the success in the restructuring of the Special Educational Needs Assessment and Commissioning Service (SENA) which had already begun to have a positive impact on service users.
- Raised concerns around the need to ensure that children with SEND whose parents have chosen to home educate are properly supported and monitored.
- Requested further reports on progress in the implementation of the Neurodevelopmental Pathway and data relating to potential delays to services arising from the Covid-19 pandemic.
- Considered and commented on the findings of the local area SEND Peer Challenge.
- Was pleased to hear that additional support had been secured to enable the Service to better audit and provide greater assurance on the quality of Education, Health and Care Plan provision, recruit more and introduce a new case system. The Committee will continue to monitor the position, but it was expected that such developments would address weaknesses in the current system.

5.2 Children's Innovation Partnership

- The Committee received an update on the work of the Children's Innovation Partnership with Barnados, focused on the residential design brief. The Committee:
- Welcomed the positive financial benefits arising from reduced placement costs and social worker time and travel to out of county placements.

- Received reassurance that the care and assessment needs of children placed for a long period in a residential home were being met, even when permanency plans were delayed.
- Reassurance was received that all children in care had a care plan in place and a trajectory plan to help them get to their permanent home.

5.3 Young Carers

The Committee requested a report on work taking place to identify, assess and support young carers across Leicestershire, given the likely impact and potential isolation of such young people during the Covid-19 pandemic. The Committee:

- Raised concerns about the effect caring for a family member can have on a young person's health, in particular their mental health.
- Was pleased to hear that schools took a proactive approach in making referrals to the service when they identified a young person as a carer though this had been difficult during the pandemic.
- Was reassured that the Service was doing all it could to support young carers and to encourage them to come forward, though it was recognised that many remained unidentified and some feared or did not wish to be identified.
- Was pleased to hear that the service openly recognised and was working to address concerns of young carers who were often anxious and sometimes scared of coming forward for fear that they will be taken into care.
- Noted plans to incentivise unidentified young carers to come forward and engage with the Service and to better promote the benefits of accessing support available.

5.4 Inclusion in Leicestershire Schools

The Committee sought further information on the functions of the Inclusion Service and the new strategic duty to promote the education of all children known to a social worker. The Committee:

- Was pleased to hear that the Inclusion Service worked with families in the early stages following the parents request to elect to home educate their child, to ensure the best decision was being made for the child and to be certain that the parents were clear in terms of their role and responsibilities for the child's education.
- Noted that checks would be conducted to ensure correct processes were in place and any safeguarding concerns or other issues raised by other agencies or within the community investigated.
- Raised concern around the number of children on roll in Leicestershire Schools who did not attend their catchment school, noting this was not uncommon due to parental choice.
- Sought reassurance that where possible the Council would work to ensure children of primary age could access their closest school or would be supported to access the next closest school.

5.5 Performance

The Committee has continued to monitor the performance of all services provided by the Children and Family Services Department throughout the year. In response, the Committee:

- Raised concerns over the percentage of children becoming subject to a child protection plan for a second or subsequent time whilst noting that the rate was decreasing.
- Queried the impact of Covid-19 on the number of young people not in education, employment, or training.

- Questioned what actions were being taken to improve the percentage of children in care who had not had a dental check, this having fallen during the pandemic.
- Considered reports on the performance of the Council's Fostering and Adoption Services.
- Commented on the findings of the Independent Reviewing Officer on the extent to which the Council had fulfilled its responsibilities to children in its care during the year.
- Looked at the performance of Virtual School and heard from the Virtual School Head regarding its work and performance.
- Received a report on the service quality and outcomes achieved by the work of the LLR Safeguarding Children Partnership Board, including performance against the priorities set out in the Partnerships Business Plan.

5.6 Next Year

The Committee will continue to monitor performance within SEND provision against the Written Statement of Action, particularly in High Needs Block Development, as a key priority.

- Given the rise in home schooling since the Covid-19 pandemic, the Committee will further review figures for, and support to children whose parents chose to home educate.
- The Committee has requested an update on work being done to tackle sexual and criminal exploitation amongst children and will continue to monitor the position regarding Child Protection Plans.

5.7 Membership and contact details

- [Mark Frisby CC](#)
- [Hilary Fryer CC \(Chairman\)](#)
- [Leon Hadji-Nikolaou CC](#)
- [Ross Hills CC](#)
- [Betty Newton CC](#)
- [Craig Smith CC \(Vice Chairman\)](#)
- [Geoff Welsh CC](#)

Education Representatives -

- Canon Carolyn Lewis (Church of England Representative)
- Neil Lockyer (Roman Catholic Church Representative)
- Robert Martin (Parent Governor)



6.

Environment and climate change

This Committee was established in July 2021, with responsibility to scrutinise Waste Management Services and the Councils green agenda, including its pledge to become carbon neutral by 2030 and ‘net zero’ countywide by 2045.

Full details of the Committee’s work can be found on the Council’s [website](#).

6.1 Performance

A key function of this new Committee is to monitor the Council’s performance in the delivery of its environmental targets. The Committee has welcomed the number of initiatives in place or planned. The Committee has recognised that the targets set are challenging and has:

- Received a report at each of its meetings on environment and waste performance.
- Looked at the Council’s Greenhouse Gas emissions during 2020-2021.
- Queried Leicestershire’s low performance in energy efficient ratings for existing homes and encouraged the promotion of the Government’s Green Homes Grant for eligible residents on the council’s website.
- Raised concerns about the low number of rivers deemed to be in good chemical status, a matter within the responsibility of the Environment Agency.
- Welcomed the reduction in electricity consumed across Council buildings which was ahead of target but raised concerns about the increase in gas and biomass consumption which was behind target.
- Monitored the plateau and slightly reduced levels in household waste reuse, recycling, and composting, commenting on the Council’s new Resources and Waste Strategy which would hopefully work to address this.
- Emphasised the need to reinforce the collective message that reducing waste and eliminating our carbon impact is everyone’s responsibility.

6.2 Environment Strategy and Carbon Commitments

As a new Committee we took an early look at the Council’s current position in delivering its own Environment Strategy. The Committee:

- Welcomed the work done to date to reduce the Council’s emissions meaning it was currently on track to reach net zero by 2030, noting, however, that the next step to deal with the Council’s unmeasured emissions will be more difficult.
- Noted that the County Council’s emissions were only a fraction of Leicestershire’s emissions and progress would depend on wider Government policy changes and the Council’s work with partners in the area.

- Supported the Councils work with UK100 to lobby Government for top-down change.
- Requested that officers overlay the Air Quality and Biodiversity maps to allow the Committee to consider any correlation between the two.
- Welcomed the Council's approach to look at alternative fuels such as electric and hydrogen for its fleet.

6.3 Net Zero Carbon 2045: A Roadmap for Leicestershire

The Committee has taken an early look at the key findings from the Net Zero Carbon 2045 Roadmap for Leicestershire -research into greenhouse gas emissions from the whole County. The Committee:

- Recognised that achievement of net zero across the County by 2045 could not be done by the Council alone and so welcomed the focus on partnership working.
- Welcomed the potential development of a Citizens Assembly, to engender awareness and action with public and local organisations.
- Agreed the need for the Council, in its place leadership role, to evidence and communicate clearly to organisations and the public that it is in their best interests financially and environmentally to address climate issues and to support smaller organisations that may not have the skills to do this wherever possible.

6.4 Resources and Waste Strategy Consultation

The Committee received a briefing on the current Strategy and provided comments to the Cabinet on the revised Strategy for 2022 - 2050. The Committee:

- Raised concerns that the Council did not put enough emphasis on reduction within its Waste Strategy compared to re-use and recycle.
- Heard about and commended the positive local initiatives taking place, such as Plastic Free Oadby, which looked to reduce the use of plastic containers and bags in their local area.
- Expressed disappointment at the decision to cut the budget for recycling education.
- Challenged the Leicestershire Waste Partnership to work collaboratively through education and enforcement to address littering and fly-tipping, noting that only two out of seven districts had a litter strategy in place.
- Was of the view that different waste collection services across the seven districts acted as a barrier for clear consistent advice to residents and contributed to performance being below the Government target of 65% for municipal waste recycled by 2035. It is hoped that Government plans for weekly food waste collections and set standards for rubbish and recycling collections will support more consistent messaging that will help improve performance in this area.
- Heard about how difficulties caused by the contamination of recycled waste and emphasised the need to educate the public on what could be recycled through improved communications.

6.5 Country Parks, Open Spaces and Tree Management

The Committee has considered actions taken to deliver the Council's Country Parks and Open Spaces Strategy, both of which were affected by the Covid-19 pandemic. It has also looked at delivery of the Council's Tree Management Strategy, with the challenging target to plant 700,000 trees by 2030. The Committee:

- Welcomed grass land management schemes which would introduce wildflower coverage and help address the County's poor biodiversity levels resulting from historic farmland use.

- Noted that the Woodland Management Plans which managed biodiversity and amenity within specific sites were only ‘mostly’ in place, as some sites were small and so not captured by the Plans or were outside the Council’s control.
- Heard about partnership work with district councils and others through the regional Midlands Park Forum.
- Welcomed the review of the current tree planting policy which would look at allowing tree planting on highway verges, an issue Members had lobbied for previously.
- Welcomed the [interactive tree planting map](#) which would allow communities monitor progress and get involved where possible.

6.6 Next Year

The issue of quality of water in our rivers and waterways is of great concern and we will look to invite water companies and the Environment Agency to better understand the issues and look for ways to improve water quality.

We will continue to comment on the Net Zero Strategy development, monitor tree planting progress and progress on the Leicestershire Resources and Waste Strategy.

6.7 Membership and contact details

- [Bill Boulter CC](#)
- [Nick Chapman CC](#)
- [Mark Frisby CC \(Vice-Chair\)](#)
- [Amanda Hack CC](#)
- [Bertie Harrison-Rushton CC](#)
- [Rosita Page CC](#)
- [Trevor Pendleton CC \(Chairman\)](#)



7. Health

This Committee reviews and scrutinises matters relating to the planning, provision, and operation of health services in the County of Leicestershire. This includes primary, secondary, tertiary care, and public health, and may involve reviewing the work of commissioners (such as the local clinical commissioning groups), providers of health services (such as hospitals) and other organisations in the health sector.

Full details of the Committee's work can be found on the Council's [website](#).

7.1 Public Health response to the Covid-19 pandemic

At each meeting over the past year the Committee has held the Director of Public Health to account for the actions taken by the Department in response to the Covid-19 pandemic, obtaining information and reassurance on the following:

- Covid-19 infection rates in Leicestershire and the location of outbreaks.
- Latest guidance for schools and care homes and outbreak management plans.
- The vaccination programme, booster programme, the availability of clinics, and raising concerns about the slow progress of the vaccination programme for 12-15 year olds.
- Communications and social media urging people to come forward to be vaccinated and in particular reaching those who did not have access to the internet or for whom English was not their first language.

7.2 Restoration and recovery of elective/planned care in Leicestershire

The Covid-19 pandemic led to medical procedures being postponed, resulting in large backlogs and waiting lists. We looked at plans the University Hospitals of Leicester NHS Trust (UHL) and the local Clinical Commissioning Groups (CCGs) have to reduce this and:

- Noted that there had been long waiting lists prior to the Covid-19 pandemic and was therefore pleased that the plan was not to return the waiting lists to the pre-pandemic position but actually improve on that.
- Welcomed the approach to service restoration including the new pathways and the opening of two new Vanguard theatres.
- Raised concerns that the condition of patients could worsen whilst they were on a waiting list and could ultimately require more invasive treatment once they finally got an appointment. Reassurance was given that patients on waiting lists were clinically reviewed and provided with physical and emotional support whilst they were waiting.
- Raised concerns regarding the waiting lists for cancer treatment but welcomed the improvement in performance over the year, particularly for breast cancer patients which meant that by the end of March 2022 the average waiting time was expected to have reduced from 4 weeks to 2 weeks.

7.3 Integrated Care Systems

The Health and Care Bill which has been passing through Parliament proposes to create Integrated Care Systems (ICS) which are partnerships between the organisations that meet health and care needs across an area. Over the last year the Committee has sought information from the local CCGs on how it is proposed that the ICS for LLR will be structured, and it has sought reassurances that there will be strong local authority representation on the ICS. The Committee:

- Was pleased that the ICS would build on existing partnership work in the area, bringing together health, social care, and public health colleagues.
- Raised concerns regarding the configuration of neighbourhoods which were a key component of the ICS, particularly as they crossed the boundaries of district councils and questioned whether this could hinder partnership working.

7.4 Child and Adult Health

The Committee was consulted on proposals for the re-commissioning of the 0 – 19 Healthy Child Programme and the provision of services for children, young people, and adults with eating disorders. The Committee:

- Sought reassurance that conversations were being held with headteachers of schools and academies regarding mental health and wellbeing support available to children and young people.
- Requested a further report on the wider work of the Public Health Department to support children at an early age.
- Raised concerns regarding childhood obesity and questioned what was being done to ensure parents had the necessary skills to raise healthy children.
- Considered the need to prioritise tackling alcohol misuse, as well as substance misuse, in young people.
- Considered the rise in referrals for eating disorders during the Covid-19 pandemic in both children and adults; thought to be the result of a general rise in anxiety and increased use of social media during this period.
- Was pleased to hear about a pilot the First Episode Rapid Early Intervention for Eating Disorders (FREED) pathway aimed to prevent first episode cases being on a waiting list.

7.5 Mental Health and Suicide

The Committee has taken an interest in mental health issues, both generally, and specifically in relation to the Covid-19 pandemic. With regards to the work on mental health and suicide the Committee:

- Sought and received assurance that high-risk groups were being supported and popular suicide locations were being monitored.
- Welcomed the survey by Healthwatch Leicester and Leicestershire in relation to the patient experience of accessing mental health services during the Covid-19 pandemic.
- Reviewed the options available to a patient at a time of mental health crisis.
- Was pleased to hear that the new Central Access Point was working well but challenged the level of public awareness of the service despite the LPT having carried out a communications campaign to improve this.

- Heard about support for the Armed Forces, in particular support offered to veterans and how GP Practices and Central Access Point across Leicester, Leicestershire and Rutland ensured patients/callers were asked if they were armed forces veterans so they could be appropriately signposted – a step beyond the current legal requirements.

7.6 Access to Primary Care Services

Patients struggling to access primary care services at GP Practices across Leicestershire was and remains a key concern and the Committee:

- Was pleased to hear that the number of face-to-face appointments available was increasing and that the CCGs were working closely with those practices that were struggling to provide a normal service after the pandemic.
- Welcomed plans to phase out the requirement for patients to call at 8.00am to make an appointment.
- Received reassurances that the quality of care provided by GP Practices was being monitored by the CCGs.

7.7 LLR Joint Health Scrutiny Committee

Members of the County Council's Health Overview and Scrutiny Committee also sit on the Joint Health Scrutiny Committee which scrutinises major health issues which relate to the whole of the LLR area. This Committee is managed by Leicester City Council. Topics the Committee has covered during 2021/22 have included:

- UHL Acute and Maternity Reconfiguration;
- Covid-19 vaccination programme;
- Step up to Great Mental Health consultation;
- Integrated Care Systems;
- Misstatement of UHL's accounts.

7.8 Next Year

The Committee will continue to monitor the recovery of health services after the Covid-19 pandemic. It will specifically look at the backlogs in cancer screening programmes and actions being taken to catch those persons missed during the pandemic.

As part of the LLR Joint Health Scrutiny Committee Members will continue to monitor progress with the UHL Acute and Maternity Reconfiguration, the work being carried out to improve the governance of UHL's finances and accuracy of their accounts, and the implementation of the ICS for Leicestershire.

7.9 Membership and contact details

- [Stuart Bray CC](#)
- [Fula \(Kamal\) Ghattoraya CC](#)
- [Daniel Grimley CC](#)
- [Amanda Hack CC](#)
- [Phil King CC \(Vice Chairman\)](#)
- [Jonathan Morgan CC \(Chairman\)](#)
- [Craig Smith CC](#)



8.

Highways and transport

This Committee scrutinises the Council's highways and transportation services.

Full details of the Committee's work can be found on the Council's [website](#).

8.1 The Budget and the Highways and Transportation Capital and Works Programme for 2022/23

The Department faces increased financial pressure with increasing demand and rising costs. The Committee therefore took a detailed look at the Department's proposed Highway and Transport budget for the next four years and specifically its capital programme which accounts for over 60% of the Council's overall capital budget. The Committee:

- Raised concerns and sought more information regarding the significant growth in spend on SEND transport which amounts to one third of the Council's transportation budget.
- Raised questions and concerns about the future viability of the public transport market given the impacts of the Covid-19 pandemic on passenger numbers which had fallen significantly during 2020/21.
- Raised concerns about the risk of bus operators deregistering all or part of the service currently provided and the potential impact this might have on the Council's budget.
- Raised concerns that the level of Government funding and the additional funding provided by the Council would not be sufficient to meet all the highways and transport infrastructure measures needed for a growing population and to fulfil the Council's wider growth agenda.
- Remained concerned about the low level of capital and revenue funding for future infrastructure projects across the County.

8.2 Major Road Network Corridors

The Committee has continued to monitor progress on delivery of the A511 growth corridor and looked at the study work carried out to identify the Council's next priority major road network (MRN) corridor. The Committee:

- Welcomed the submission of a planning application for the extension of the Bardon Link Road (A511 growth corridor) but raised concerns about the escalating costs of materials on the project.
- Reviewed the methodology used to prioritise works across all the MRNs.
- Considered diverse opinions regarding the route of the next priority growth corridor, receiving written representations from some local Members on the issue.

8.3 The Government's National Bus Strategy and requirements for a Bus Service Improvement Plan

The Committee looked at how the National Bus Strategy would be implemented in Leicestershire and the financial implications of a Bus Service Improvement Plan as required by that Strategy. The Committee:

- Heard how some government funding would be used to encourage behavioural changes regarding public transport.
- Discussed ways of engaging with young people to use public transport and prevent them becoming habitual car users, considering the use of mobile phone technology.
- Noting the Council's dependency on government funding to deliver the requirement of a Leicestershire Bus Service Improvement Plan, questioned what other sources of funding could be used should this not materialise or be insufficient.
- Noted that Section 106 developer contributions would be used to expand and promote Demand Responsive Transport services.

8.4 Road Casualty Reduction

The Committee considered the road casualty statistics for Leicestershire and initiatives that were being implemented to improve road safety. The Committee:

- Noted the Covid-19 pandemic had reduced the number of cars on roads and the severity of accidents.
- Raised concerns that many drivers were still failing to wear seatbelts which increased the severity of injuries in accidents.
- Raised concerns regarding the increase in casualties of vulnerable road users, in particular cyclists, noting the likely impact of increased cycling during the pandemic and speeding traffic on clearer urban roads during 2020/21.

8.5 Performance

The Committee has regularly monitored the performance of Highway and Transport Services and from this has:

- Made suggestions for improving how performance data is presented to make this easier to understand, including the provision of sample sizes when referring to key performance indicators to enable the Committee to form a more accurate picture.
- Helped publicise the National Transport Survey which is where much of the public satisfaction data and benchmarking against other councils comes from.
- Considered the impact of the Covid-19 pandemic on public satisfaction with rights of way and cycle routes.
- Welcomed the securing of £1.3m Rural Mobility Funding from the Government to support a modern Demand Responsive Transport service.
- Received an update on progress made to deliver the recommendations of the Flooding Scrutiny Review Panel held in 2020/21. As flooding continues to be an issue affecting many residents, the Committee has requested that annual updates be provided on this topic.

8.6 Next Year

The Committee has requested a further report to better understand the growth pressures faced by the SEN Transport budget and how these will be managed.

The Committee will consider the business case for the North and Eastern sections of the Melton Mowbray Distributor Road scheme before it is considered by Cabinet and will also look at the Local Cycling and Walking Infrastructure Plans.

The Committee will continue to monitor public satisfaction with the road network of Leicestershire and the key performance indicators for Highways and Transport Services.

8.7 Membership and contact details

- [Richard Allen CC](#)
- [David Bill MBE, CC](#)
- [Tony Gillard CC \(Chairman\)](#)
- [Max Hunt CC](#)
- [Bryan Lovegrove CC](#)
- [Keith Merrie MBE CC \(Vice Chairman\)](#)
- [Les Phillimore CC](#)

9. Contact the Overview and Scrutiny Team

If you would like to feed into the scrutiny process or suggest a topic for scrutiny's attention, you can get in touch with the Scrutiny Team at democracy@leics.gov.uk.

Alternatively, you can contact the officer that supports a specific Committee as detailed below.

Scrutiny Commission

Joanne Twomey
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Adults and Communities

Lauren Walton
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Highway and Transport

Euan Walters
As above

Leicestershire County Council Overview and Scrutiny Annual Report 2021/22

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Democratic Services

Chief Executive's Department

Leicestershire County Council

For further details on the contents of this report please

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