

Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Monday, 27 January 2025.

PRESENT

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

Mr. N. D. Bannister CC
Mr. T. Barkley CC
Dr. R. K. A. Feltham CC
Mr. M. Frisby CC
Mrs. H. J. Fryer CC

Mr. S. J. Galton CC
Mr. M. Hunt CC
Mrs. R. Page CC
Mr. T. J. Richardson CC
Mrs B. Seaton CC

In attendance

Mrs D. Taylor CC in remote attendance - Acting Leader and Lead Member for Regulatory Services

Mr L. Breckon CC – Lead Member for Resources

Mr J. Poland CC – Lead Member for Transformation and support for Resources

Mrs P. Posnett CC – Lead Member for Communities and Staff Relations

43. Minutes.

The minutes of the meeting held on 6 November 2024 were taken as read, confirmed and signed.

44. Question Time.

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

45. 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).

46. Urgent Items.

There were no urgent items for consideration.

47. Declarations of interest.

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

All Members of the Commission who were also members of district councils declared an 'Other Registerable Interest' in the Medium Term Financial Strategy (minutes 50 to 54 refer).

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

There were no declarations of the party whip.

49. Presentation of Petitions under Standing Order 35.

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

50. Provisional Medium Term Financial Strategy 2025/26 - 2028/29

The Commission considered a report of the Director of Corporate Resources which provided information on the proposed 2025/26 – 2028/29 Medium Term Financial Strategy (MTFS) as it related to Corporate and Central items. The report also provided an update on changes to funding and other issues arising since the publication of the draft MTFS and provided details of a number of strategies and policies related to the MTFS. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Chairman welcomed the Acting Leader of the Council, Mrs D. Taylor CC (in remote attendance), and Cabinet Lead Member for Resources, Mr L. Brecon CC, to the meeting for this item.

In presenting the report the Director commented that the Council faced uncontrollable pressures which would lead to significant savings having to be made despite the Council having sought to recover the maximum amount of council tax possible as permitted by the Government. Next year, the MTFS was predicated on the need to use some of the Council's reserves to balance the budget. Thereafter the deficit was forecast to grow significantly to £95m as a result of service demand and inflationary pressures, despite significant work and savings having been made in previous years across all service areas.

The Director emphasised that the main determinants for the Council's future financial health very much rested with the Government and its approach to things like local government funding reform, SEND funding reform and the national living wage. There were a growing number of authorities now needing additional Government support. The Council would continue to prioritise its financial resilience, however, the Director emphasised that it was difficult to predict the future direction of the Council in the longer term given the level of uncertainties faced.

Arising from discussion, the following points were made:

Revenue Budget and Growth

- (i) Members expressed significant concern at the growing level of challenges faced by the Council. A member commented that it would be impossible given limits on the Council's ability to generate income, that this would cover its forecasted expenditure, particularly taking account of rising levels of growth in the demand for services, increasing costs and national insurance, and pay and price inflation.
- (ii) It was suggested that uncertainty around future Government funding had made planning for this MTFS particularly difficult. It was noted that the Government was

undertaking a spending review which would be concluded in June. Following this, it was thought the Government would be able to provide greater clarity around future funding streams. This should also be accompanied by reforms to the local government finance system, a consultation already having been launched on this issue.

- (iii) Members questioned what other approaches the Government might take to address pressures on local government finances. The Director reported that there appeared to be some acknowledgement that service standard reforms would be needed, as well as the removal of the cap on council tax, both of which would help to enable councils to become more self-sustainable.
- (iv) The Lead Member was challenged about what the Cabinet's strategy would be to address the budget deficit. The Lead Member confirmed that consideration had and would continue to be given to service delivery methods, and the level of service provided. It was acknowledged that lower level services were already being provided in Leicestershire at a cheaper cost due to its low funding position. However, the Councils performance had always demonstrated that these were delivered effectively and efficiently and to a good standard. Further the Council had secured specialist external support from organisations like Newton Europe that would continue to drive change across a range of services. The Lead Member assured members that whilst not sufficiently developed to be included in the current MTFS, further savings were being identified across all departments. However, he reiterated that there were still a number of factors outside the Council's control and dependent on the Government's funding approach and how it delivered local government finance reform.
- (v) The MTFS took account of the previously approved increase in council tax by 4.99%, the maximum amount permissible for 2025/26, including the adult social care precept. A member suggested that the report had not made it clear that the Council had little choice but to do this. It was noted that whilst there would be no restrictions on future grants, the Government had emphasised that there would be an assumption that all councils would in future raise council tax to the maximum amount. It was further noted that a council tax rise of only 2.99% had been accounted for in future years because of the uncertainty around future referendum limits and whether additional the adult social care precept would still be available.
- (vi) A Member commented on the impact rising council tax levels could have on residents that were already affected by rising costs. It was noted that the Council's MTFS consultation included questions regarding the potential impact of rising council tax. Feedback was currently being assessed and would be captured as part of the final MTFS to be submitted to the Cabinet.
- (vii) It was noted that not increasing council tax to the maximum amount would have placed the Council in further difficulty and could have prevented it from being able to provide some services to its most vulnerable residents. The Director agreed it was a difficult balance to strike, but highlighted that some authorities that had not previously raised council tax by the full amount were now in crisis and seeking this year to increase this significantly beyond the 5% cap.
- (viii) A re-set of business rate baselines was expected to be introduced in 2026/27. It was not yet clear if this would put at risk some of the Council's growth that had been built up since the system first came into force and now amounted to approximately

£10m above the Council's current baseline. In addition, it was noted that as the Council was part of a business rates pool with the City and district councils it could also potentially lose the growth that it expected to receive back from that pool. Members noted that the amount at risk was between £6m and £8m. Whilst a transitional period would likely be provided for, details about this were not yet known.

- (ix) The Government's White Paper on Local Government Reform had been published after the draft MTFS had been prepared. Given current levels of uncertainty regarding the planned reforms, the MTFS had not included any reference to this in terms of cost and benefits at this time. The Director assured Members that if the position became clearer over the coming weeks, the final MTFS to be presented to the Cabinet and full Council could be amended to include some further information about this.
- (x) It was noted that the decision to undertake local government reorganisation would be regarded as a matter of local choice and therefore the cost of implementing this would need to be met locally. In previous reorganisations the Government had not allocated any additional resources to support this.

Savings

- (xi) The MTFS included £33m worth of savings to be delivered over the next four years. Despite this a budget deficit of £95m had been forecast. The Director emphasised that whilst the longer-term deficit was a concern, the bigger concern would be addressing the expected £40m deficit in 2026/27, as there would not be a lot of time to deliver the savings necessary to address this. If not addressed in year, this added to budget pressures faced in later years.
- (xii) A Member questioned why only limited savings had been identified in the current MTFS. It was noted that savings were being developed and that detailed business cases would be brought forward over the coming year. The Commission was assured that this was a constant process which Chief Officers were working on with their Lead Members. A review of the Council's Strategic Plan was also underway which would provide further direction.

Reserves

- (xiii) The budget equalisation reserve had increased significantly. This was allocated to cover future year budget gaps and to reflect increased pressure on the High Needs element of the Dedicated Schools Grant, taking account of the current statutory override which was due to come to an end in March 2026. The Government had not yet confirmed if this would be extended so there was some degree of uncertainty around this.
- (xiv) The current level of reserves were expected to decrease over time as the Council expected to have to dip into this to cover future budget gaps, pending further savings being identified and delivered, and more funding being received from the Government.

Capital Programme

- (xv) A Member raised concern that funding had not been allocated within the capital programme to replace the current Records Office. It was noted that the Council had been given notice by The National Archives that its future accreditation status was dependent on it having a clear and deliverable plan to address current issues around the storage of, and access to records by May 2026. Given that time was of the essence, it was questioned why this had not been accounted for. The Director explained that the Records Office was managed under a partnership arrangement with the City and Rutland Councils and that the Council was in discussions with both authorities to find an agreed way forward. It was noted that the capital programme included an allocation for 'future developments' and that when an approach had been agreed some of this funding could be used towards this. The Record Office was named as a Future Development of the Adults and Communities capital programme that had been discussed at the relevant scrutiny committee.
- (xvi) The Lead Member commented that he and the Lead Member for Adults and Communities were aware of the implications of the Council losing its accreditation but that discussions with partners needed to be held in the first instance and a joint approach agreed if possible. It was suggested that a time limit should be imposed on those discussions to ensure the Council could progress alone to ensure it met the May 2026 deadline.
- (xvii) Members raised concerns that delays in the delivery of capital projects resulted in rising costs which affected the Council's overall capital programme. Members questioned how delays were managed and challenged to ensure these were avoided and mitigated where possible. The Director confirmed that arising from the Melton Mowbray Distributor Road project, a review of how the Council undertook large capital schemes had been carried out and improvements made to the Council's internal processes. All projects were kept under regular review and contractors challenged wherever possible over delays. It was acknowledged that projects which were funded by multiple parties (such as developer funding, Funding from the DfT and Homes England etc.) were often more complicated and difficult to manage.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments now made be submitted to the Cabinet for consideration at its meeting on 7th February 2025.

51. Medium Term Financial Strategy 2025/26 - 2028/29 - Chief Executive's Department

The Commission considered a joint report of the Chief Executive and the Director of Corporate Resources which provided information on the proposed 2025/26 – 2028/29 Medium Term Financial Strategy (MTFS) as it related to the Chief Executive's Department. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

In addition to the Acting Leader and the Lead Member for Resources, the Chairman welcomed the Lead Member for Community and Staff Relations, Mrs P. Posnett CC, to the meeting.

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

- (i) A Member commented that work arising from local government reorganisation would mainly fall within the remit of the Chief Executive's Department and queried why additional growth to cover that work had not been sought in the current MTFS. It was acknowledged that this could not be accommodated entirely within existing resources. However, when the position became clearer on the Council's proposed approach, discussions would be held with the Director of Corporate Resources regarding what additional resources would be required.
- (ii) A Member queried what outcomes had been delivered by the Growth Service and Business Intelligence Service and asked, given the cost of those services, whether any savings could be identified in those areas. It was noted that a whole review of this service area was taking place and that further savings identified from that would be presented as part of the next iteration of the MTFS. So far, a saving of £95,000 had been accounted for.
- (iii) The Council allowed trade union representatives to use some facilities at County Hall as part of the recognition agreement and ongoing arrangements with recognised trade unions.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments now made be submitted to the Cabinet for consideration at its meeting on 7th February 2025.

52. Medium Term Financial Strategy 2025/26 - 2028/29 - Corporate Resources Department.

The Commission considered a report of the Director of Corporate Resources which provided information on the proposed 2025/26 – 2028/29 MTFS as it related to the Corporate Resources Department. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

In addition to the Acting Leader and the Lead Member for Resources, the Chairman welcomed the Lead Member for Transformation and in support of Resources, to the meeting.

Arising from discussion and questions, the following points arose:

- (i) A Member commented on the allocation of capital resources to the Investing in Leicestershire Programme and questioned if this was appropriate given the financial pressures faced. The Director provided reassurance that investment in the Programme would not be made unless this was supported by a sound business case and was expected to generate a revenue income stream in line with the Strategy. The ILLP had been positive, generating income to support the delivery of other Council services for a number of years, reducing the level of savings needing to be made, and provided support for local businesses.
- (ii) Beaumanor Hall was expected to generate a reduced loss this year. It was acknowledged that significant work had been undertaken to build a more

sustainable business from the property but that this continued to be difficult. A Member challenged why the property costs for Beaumanor Hall were not shown against the revenue income it generated suggesting that this did not provide a transparent view of how well this traded service was operating. It was noted that services were presented in the budget based upon responsibility which allowed central overheads to be seen clearly. When decision making was made this information would be brought together for a holistic view to be taken.

- (iii) A member commented on the difficulty some residents had getting through to officers and challenged whether this was as a result of the Ways of Working programme. The Director advised that feedback from a recent staff survey suggested that productivity had increased significantly following the introduction of hybrid working, but that work was ongoing to improve the capture of data to support this view.
- (iv) It was noted that the Council had not made a decision to mandate officers come into the office for a set number of days per week like some other organisations had chosen to do. Instead, the Council supported managers to determine the appropriate level of flexibility that best met the needs of their service area. They were considered best able to determine when performance management, objectives and targets were not being met and how to address this.
- (v) The Director commented that hybrid working stemmed from the Covid 19 pandemic which forced home working upon a range of organisations to ensure these could continue to operate during that difficult period. Since then, all organisations have been adapting to a more flexible working approach. How well this worked varied depending on the needs of the business. The Director provided reassurance that the Council was seeing unprecedented growth at a time when staff resources had been reduced, but that despite this performance was being retained which indicated that productivity was good amongst staff. The Lead Member emphasised that hybrid working was now expected by employees and that offering this helped to improve recruitment and staff retention.
- (vi) The Council's Customer Programme sought to improve the customer experience when contacting the Council. Improvements had been made but it was acknowledged that some areas of difficulty were still being worked on. For example, focus was now being given to reducing failure demand contacts, automated responses being provided where appropriate to keep people informed of progress regarding their enquiries. Also, steps were being taken to reduce call waiting times, call back options were being explored to prevent callers having to wait in a queue.
- (vii) Supporting recognised trade unions was part of the employment offer. The Council currently funded 4 full time union representatives at a cost of approximately £250,000 per annum. Relations with trade unions were considered valuable, particularly when actions plans needed to be delivered ensuring a coordinated response and that support for staff was available. The Director

confirmed there were no proposal to reduce the level of support provided as this was considered an important part in ensuring good employee relations, especially during significant periods of change.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments made by the Commission be presented to the Cabinet for consideration at its meeting on 7th February 2025.

53. Medium Term Financial Strategy 2025/26 - 2028/29 - Consideration of responses from other Overview and Scrutiny Committees.

The Commission considered extracts from the minutes of the Overview and Scrutiny Committee meetings held to consider the Medium Term Financial Strategy 2025/26 – 2028/29 so far as this related to the County Council departments. A copy of the minute extracts from each meeting is filed with these minutes.

RESOLVED:

That the comment made by each of the Overview and Scrutiny Committees be submitted to the Cabinet for consideration at its meeting on 7th February 2025.

54. Draft Revised Investing in Leicestershire Programme Portfolio Management Strategy 2025 - 2029

The Commission considered a report of the Director of Corporate Resources which sought members views on the revised Investing in Leicestershire Programme (ILLP) Portfolio Management Strategy 2025 – 2029 which sets out the proposed approach to future asset management and investment. A copy of the report marked 'Agenda item 12' is filed with these minutes.

Arising from discussion, the following points arose:

- (i) The refreshed Plan continued to seek to ensure the Council made the best use of its property assets and generated a good revenue return to support the delivery of wider services.
- (ii) A new Rural Strategy was being developed to ensure that the estate had a clear direction and supported the County Council's wider objectives. This would be presented to the Commission at a future meeting for consideration.
- (iii) Members were assured that an inspection programme was in place and would be detailed in the new Rural Strategy. A full inspection would usually be carried out once a year with periodic visits carried out on an ad hoc basis as necessary. The Director reported that advice had been sought from external land agents regarding the timing of inspections. They had recommended that these continue annually, advising that quarterly inspections would be unusual and expensive and risked being intrusive to tenants. It was noted that a balance needed to be struck between the Council's right to seek to protect its assets and a tenant's right to the quite enjoyment of what was their family home and place of business.

- (iv) Delays in the delivery of ILLP projects had less of an impact than other capital projects as any rise in costs would usually be recovered through increased rental income. Future costs could also be mitigated against as projects to build industrial units would not be commenced until future tenants had been secured.
- (v) Members were reassured that all projects within the ILLP were subject to a detailed business case first being agreed. Thereafter delivery against that business case would be monitored throughout the life of the project, with a detailed appraisal then carried out 12 months after completion.

RESOLVED:

- (a) That the update now provided on the refreshed Investing in Leicestershire Programme Portfolio Management Strategy 2025 – 2029 be noted;
- (b) That the comments of the Scrutiny Commission be submitted to the Cabinet for consideration at its meeting on 7th February 2025.

55. Place Marketing - Leicester and Leicestershire

The Commission considered a report of the Chief Executive which provided an update on the work of the Place Marketing Team for Leicester and Leicestershire. A copy of the report marked 'Agenda Item 13' is filed with these minutes.

The Chairman welcomed Mr Mike Denby, Director of Inward Investment and Place Marketing for Leicester and Leicestershire, who attended for this item.

Arising from discussion, the following points were made:

- (i) Discussions were held every eight weeks with City Council, Rutland Council and district council colleagues regarding tourism campaigns being run or proposed, to ensure the events being promoted were complementary, or that these were coordinated, and a place-based approach was being adopted.
- (ii) The Team worked closely with district councils with equivalent services. Often the Place Marketing Team either supported district councils with their existing campaigns or directed local and rural businesses to them to ensure a joined-up approach. District tourism representatives worked closely with the Team and identified those campaigns which they were able to work on collaboratively.
- (iii) The Place Marketing Team provided a link between the public and private sector. The work of the Team included identifying sites for future business tenants seeking to relocate or expand in the area, facilitating discussions with agents, training providers, and other supporting businesses and public sector organisations. The level of input from the Team varied depending on the support required by each business. For those already located in the area this might be minimal compared to the support provided to new businesses coming to Leicestershire.
- (iv) Discussions were held with prospective businesses looking to locate within the region to promote why Leicestershire would be the right place for them or, if they chose elsewhere the reasons for this so that any barriers identified could be addressed where possible.

- (v) Most campaigns were promoted on the organisations website and on social media. However, physical guides were printed off and circulated or could be made available on request. The website provided links to other organisations, therefore providing a central point of information and contact.
- (vi) The County Council would not be sending a representative to the MIPIM event to be held in March this year. When attending previously this had been on behalf of both the County and City Councils who provided directions regarding those projects they would like to see promoted. Members noted that last year the City Council had sought the promotion of a list of key assets and following discussions held at MIPIM a £5m deal had been secured in respect of one of those assets.

RESOLVED:

That the update now provided be noted.

56. Date of next meeting.

RESOLVED:

It was noted that the next meeting of the Commission would be held on 10 March 2025 at 10.00am.

CHAIRMAN

10.00am – 12.32pm
27 January 2025