

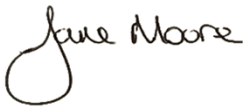


DATE: 10 February 2026
MY REF: RW/CCouncil
PLEASE ASK FOR: Mrs. R. Whitelaw
DIRECT DIALING: (0116) 305 6098
E-MAIL: rosemary.whitelaw@leics.gov.uk

Dear Sir/Madam

I summon you to the MEETING of the LEICESTERSHIRE COUNTY COUNCIL to be held at COUNTY HALL, GLENFIELD on WEDNESDAY, 18 FEBRUARY 2026 at 2.00 p.m. for the transaction of the business set out in the agenda below.

Yours faithfully



Chief Executive

AGENDA

1. Chairman's Announcements.
2. To confirm the minutes of the meeting of the Council held on 3 December 2025. (Pages 3 - 42)
3. To receive declarations by members of interests in respect of items on this agenda.
4. To consider a budget report of the Cabinet:
(a) Medium Term Financial Strategy 2026/27 - 2029/30. (Pages 43 - 310)
5. To answer questions asked under Standing Order 7(1)(2) and (5).

To Dispose of Business from the Last Meeting.

6. Report of the Constitution Committee.
(a) Review of Standing Orders (Meeting Procedure Rules). (Pages 311 -



7. To receive position statements under Standing Order 8.

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

8. Report of the Employment Committee.

(a) Pay Policy Statement.

(Pages 345 - 362)

9. Report of the Corporate Governance Committee.

(a) Changes to the Contract Procedure Rules.

(Pages 363 - 424)

10. To consider the following notice of motion:

(a) SEND Nurseries - Mr. M. Bools CC

(b)

(a) That this County Council believes that the four pre-school nurseries currently supported by this County Council that serve children with Special Educational Needs in the County should continue to be supported;

(b) That the Menphys Nurseries in Wigston and Sketchley Hill in Burbage and the Oasis nursery in Melton Mowbray and the Lift Beacon in Loughborough provide essential educational support to some of the most vulnerable young children in Leicestershire;

(c) That many parents have expressed their anguish at the news that the nurseries could close. They offer specialist focused teaching and expert care. To close them would mean the loss of an essential service in the County;

(d) That this County Council believes that the four nurseries should continue to remain open and urges the County Council Cabinet to listen to the residents of Leicestershire and this Council and keep the nurseries open.

**MINUTES OF THE MEETING OF THE LEICESTERSHIRE COUNTY COUNCIL
HELD AT COUNTY HALL, GLENFIELD ON WEDNESDAY, 3 DECEMBER 2025**

PRESENT

Mr. P. Harrison CC (in the Chair)

Mr. C. Abbott CC, Mr. R. Bailey CC, Dr. J. Bloxham CC, Mr. J. Boam CC, Mr. M. Bools CC, Mrs. N. Bottomley CC, Mr. S. Bradshaw CC, Mr. S. L. Bray CC, Miss H. Butler CC, Mr. N. Chapman CC, Mr. M. H. Charlesworth CC, Mr. G. Cooke CC, Mr. K. Crook CC, Mrs. L. Danks CC, Mr. M. Durrani CC, Mr. M. R. England CC, Mr. H. Fowler CC, Mr. S. J. Galton CC, Mr. D. A. Gamble CC, Ms. B. Gray CC, Mr. D. J. Grimley CC, Mr. A. Hamilton-Gray CC, Mr. D. Harrison CC, Dr. S. Hill CC, Mr. N. Holt CC, Mr. A. Innes CC, Mr. P. King CC, Mrs. K. Knight CC, Mr. B. Lovegrove CC, Mr. J. McDonald CC, Mr. J. Melen CC, Mr. J. Miah CC, Mr. P. Morris CC, Mr. M. T. Mullaney CC, Mr. O. O'Shea JP CC, Mr. J. T. Orson CC, Mr. D. Page CC, Mrs. R. Page CC, Ms. A. Pendlebury CC, Mr. B. Piper CC, Mr J. Poland CC, Mr. C. Pugsley CC, Mr. V. Richichi CC, Mr. K. Robinson CC, Mr. P. Rudkin CC, Mrs B. Seaton CC, Mr. C. A. Smith CC, Mr. M. Squires CC, Mrs D. Taylor CC, Mr. A. Tilbury CC, Mr. B. Walker CC and Mr. C. Whitford CC

39. CHAIRMAN'S ANNOUNCEMENTS.

Armistice

The County Council marked Armistice Day with a service and two minute silence on Tuesday 11th November. The short and dignified service was very moving, and the Chairman thanked Leanne Plummer for playing the Last Post and Reveille so competently. He was also pleased to see that County Hall was illuminated in red for the duration of the Royal British Legion's Poppy Appeal. He thanked those Members who were able to attend local services on Remembrance Sunday and lay a County Council wreath.

On 6th November at Bosworth Battlefield, the Chairman unveiled over 3,200 hand knitted poppies which had been hand crafted in schools, homes, community groups and libraries. It looked fantastic.

King's Award for Voluntary Service

The Chairman was pleased to inform Members that four local voluntary organisations had been awarded the King's Award for Voluntary Service. The announcement was made on 14th November to mark the King's birthday.

The King's Award for Voluntary Service held the same value as an MBE and acknowledged the remarkable efforts of volunteer groups in their communities.

The winning organisations were:

- Asfordby Amateurs Ladies, Girls and Inclusive Football Club, based in Melton. The club provided a welcoming and safe environment for all abilities and ages to develop their skills through football, setting their

community up for future success.

- Bright Hope in Swannington. The charity was committed to serving the community by providing a range of free and accessible support including adult social care, counselling, wellbeing support services, and a community café in a purpose-built day centre.
- Heather Scarecrow Festival, a week-long annual scarecrow festival open to residents, businesses, and schools in Heather to raise funds to support local groups that serve the village. The festival provided creative activities, social cohesion, and financial support to the local community.
- There was also a winner in Leicester City. Shama Women's Centre, based in Leicester, was recognised for the work they do in supporting women to gain independence through education, training, counselling, and peer support.

Members joined the Chairman in congratulating all the organisations for their award.

John Sinnott

John Sinnott was retiring from the County Council after today's meeting, marking the end of an era in local government leadership. He was appointed Chief Executive in 1994 and was the longest serving chief executive in the country. During this time, he had overseen significant organisational change, managed numerous financial challenges and ensured the council maintained strong performance and stability.

John successfully led the Council through the last local government reorganisation in 1997. Following a number of years of no overall control, he played a critical role in brokering discussions that led to the first joint administration following reorganisation. He implemented a wide range of important corporate improvements which led to the Council being named 'Council of the Year' in the 2009 Local Government Chronicle Awards, as well as achieving the highest rating of '4 star, improving strongly' when national council rating systems were in place.

John had been at the helm for many notable achievements for the county including the reinterment of King Richard III, the 2012 Olympic Torch Relay, and the council's trio of Impower awards which recognised value for money. As the Clerk to the Lord Lieutenant, he coordinated efforts to pay local tributes to the late Queen.

John demonstrated strong leadership through the Covid pandemic which put a great strain on the county and tested councils up and down the country. John's calm approach steered the County Council through that difficult time.

Under John's leadership, the Council had earned a reputation as one of the highest-performing councils in the UK, and one that delivered for the people of Leicestershire. The Council had consistently been in the top five of the county benchmarking league table over many years, despite being the lowest

funded county authority. John's ability to balance political complexity with operational excellence earned him wide recognition and a high level of respect across the local government sector, Whitehall, academia and with partner agencies.

John was awarded a CBE for services to local government in the 2010 New Year's Honours List, recognising his outstanding service and commitment to public life.

He was highly regarded by politicians and officers alike and would be greatly missed as the chief executive.

Lauren Haslam

This was also the last meeting before Lauren Haslam retired.

She had been Director of Law and Governance since 2016, having first joined the Council in 2000 as a solicitor in the employment team.

The County Council had a great deal to thank Lauren for. The Council's reputation for good governance and high standards of conduct was a result of her hard work, professionalism and integrity. Her expertise had ensured that the Council had operated with transparency and fairness. She had been a champion for staff wellbeing and made a key contribution to the corporate management of the Council.

The Chairman, on behalf of himself and his predecessors as Chairmen, expressed his sincere thanks to Lauren for her sound advice on the conduct of meetings and calming presence.

Members joined the Chairman in wishing both John and Lauren a long and happy retirement.

40. MINUTES.

It was moved by the Chairman, seconded by Mr Hamilton-Gray and carried:

"That the minutes of the meeting of the Council held on 24th September 2025, copies of which have been circulated to members, be taken as read, confirmed and signed."

41. MINUTES OF THE EXTRAORDINARY MEETING.

It was moved by the Chairman, seconded by Mr Hamilton-Gray, and carried:

"That the minutes of the Extraordinary meeting of the Council held on 12th November 2025, copies of which have been circulated to members, be taken as read, confirmed and signed."

42. DECLARATIONS OF INTEREST.

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

No declarations were made.

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

(A) Mrs Page asked the following question of the Leader or his nominee:

“Could the Council please confirm what measures and policies are in place to ensure effective, timely communication to members and how compliance to communication is measured?”

Mr D Harrison replied as follows:

“Mrs Page will recall the all member briefing on customer services and dealing with divisional issues which took place on Thursday 5 June and addressed a number of the issues set out in her question. I would remind her of the following information which was provided during that briefing:

- Where members have queries relating to Environment and Transport matters, there is a dedicated email address for members to contact the Customer Service Centre (CSC). The CSC will acknowledge the email within one working day and log the issue onto the system which will be assigned to the relevant team in the Environment and Transport Department. Once your issue is logged, you will receive a unique reference number. The Environment and Transport Department will provide updates and progress reports.
- For all other queries, please contact democracy@leics.gov.uk. You will receive an acknowledgement within one working day and response to your query within 10 working days, although sometimes the response may indicate that further work is needed. If you are not happy with the response you have received then it will be escalated to the appropriate Chief Officer and a further response will be received within 10 working days.

In terms of general communication to members, the weekly Member Digest is circulated on a Tuesday. This includes the latest Council news, information worth noting, details of upcoming meetings and all member briefings and provides links to the Council's events and have your say pages.

There is also a WhatsApp group for members where County Council news is shared. This is publicly available information which members can then share in their own WhatsApp group.”

(B) Mrs Taylor asked the following question of the Leader or his nominee:

“During the Full Council meeting on the 24th of September, the Lead Member for Children and Families said:

“She {Deborah Taylor} also mentioned the fact that schools are underfunded which is why I find it quite bizarre, I'll even say hypocritical Mr Chairman, that the previous Lead Member will stand here and say to the Full Council that

schools are underfunded when roughly about this time last year her administration chose to move just under £3m, I think it was £2.8m away from the schools funding block into the high needs block to deal with a deficit which all of us have said here is not something we could fix as a local authority. So, I think championing that schools should have more funding, that there's an issue in schooling, at the same time as taking away £2.8m valuable money to a lot of schools, is something we should all remember."

The day before this meeting, on the 23rd of September, the Children and Family Services Department launched a consultation to pursue the same 0.5% transfer from the School Block to the High Needs Block for the 2026/27 financial year, with the stated intention of continuing the SEND Investment Fund. Can I, therefore, ask the Lead Member when he made those comments at Full Council:

1. Does he believe schools in Leicestershire are underfunded?
2. Did he know at the time he spoke at Full Council that his department had launched the consultation on transferring money from the Schools Block to the High Needs Block the day before?
3. Did the Lead Member pre-judge the outcome of this consultation by deciding before it had started that he would not support a transfer of money from the Schools Block to the High Needs Block, regardless of the outcome of the consultation? If so, why did he spend officer time and taxpayers' money carrying out the consultation exercise?
4. If the Lead Member did in fact have an open mind on that issue, does he stand by his comments made to Full Council that if he decides to support the transfer of money from the School Block to the High Needs Block, that will indicate he would be hypocritical to be concerned about school funding? If not, would that show him to be hypocritical in his comments at Full Council?"

Mr Pugsley replied as follows:

- "1. Despite an increase in funding to schools from national government, schools across Leicestershire are facing increasing financial challenges as a result of unfunded or partially funded pay rises, soaring energy bills and increasing costs required to support children to learn in the most effective way.
2. Yes, I was aware that a consultation had been launched on transferring money from the Schools Block to the High Needs Block.
3. No, I did not prejudge the outcome of the consultation. The consultation was launched to seek the views of schools across Leicestershire on the block transfer in order to inform the decision of Cabinet on whether to ask the Secretary of State to agree a Schools Block Transfer.
4. I considered the outcome of the consultation alongside the pressures on the High Needs Block of the Dedicated Schools Grant. The matter

was considered at Cabinet on 18th November, where it was agreed to pursue an alternative option for funding to deliver pupil outreach support and work with schools to support ongoing mainstream inclusion.”

(C) Mr O’Shea asked the following questions of the Leader or his nominee:

“In the Hinckley Times published on Wednesday, 30th April 2025, one day before this year’s County Council elections, there was an article published where Reform UK is quoted saying:

‘Reform UK won’t make empty promises while the council is in such a state. Reform Councillors elected in May will introduce a British-style Doge to audit Leicestershire County Council, cancel the fraudulent contracts and stop waste’ (Hinckley Times, 30/04/25, p.6).

1. Can the Leader advise whether he has found any fraudulent contracts?
2. If so, can he advise if those have been reported to Leicestershire Police as is indicated should happen at an early stage under 9.3 of Leicestershire County Council’s Anti-Fraud and Corruption Policy?

If no fraudulent contracts have been found, can the Leader tell me:

3. What evidence do Reform UK have to make the statement that there are fraudulent contracts at Leicestershire County Council, and can the Leader share that with this Council please?
4. Does the Leader agree there was evidence at the time the article was written in April, that fraudulent contracts were in place at Leicestershire County Council? If so, as a sitting County Councillor, what action did he take – at that time before the election – to report this suspected fraud to either senior officers or the police?
5. If the Leader cannot provide this evidence, does he accept Reform UK was misleading people for electoral advantage? Will he apologise to the public for that, and to officers at this authority for disparaging them and bringing into question their integrity without the evidence to back that up?”

Mr D Harrison replied as follows:

- “1. No fraudulent procurement contracts have been identified in the current (2025/26) financial year.
2. The Council has a zero-tolerance approach to fraud and other financial irregularity. This is set out in the Council’s Anti-Fraud & Corruption Policy. Where investigations have a potential criminal element to them, the established process is that dialogue will take place between the investigating department, Internal Audit and the Director of Law and Governance regarding grounds for making a

referral to the Police. At present, there is a historical case of procurement fraud that remains the subject of a significant and complex police investigation, involving other agencies too. In addition to the ongoing police action, contracts with the provider were terminated and losses fully recovered by the County Council.

3. Mr. O'Shea has been very selective in the article to which he's referring. The same article quoted the Conservative group leader saying they wanted to ensure the County Council remains a "financially sound and efficient council", but the sorry fact is they left this Council's finances in dire straits, which is why we have commissioned Newton to carry out a top to bottom efficiency review of every penny this Council spends, including looking at contracts and procurement processes. I am confident their work will bring results and shine a light on those areas forgotten by the Conservatives in their 24 years running this Council.
4. As I have said in previous answers to this Council since I became Leader back in May, the election addresses selectively referred to by Mr O'Shea were published centrally by the Reform UK party and I did not have any control over their content. Mr O'Shea has been an elected member of this County Council since 2013 and should be used to the nature of robust political language at election times contained in party political literature.
5. I am confident that the review into the Council's finances, procurement and spending will provide evidence of areas to save money and where we can make improvements to service delivery and how they are commissioned. Since May 2025, and as reported to the September 2025 full Council meeting in my Position Statement, we have made significant progress where the previous administration failed. For example, following a review of home care procurement fees, working with Reform UK Members and the Adult Social Care team at least £1m of savings is targeted to the contracts agreed by the previous Administration. The Children and Family Services Department expect to save over £800,000 this year by holding back recruitment of non-essential jobs. If Mr O'Shea wants examples of failure, I suggest he looks to his own benches."

(D) Mrs Taylor asked the following question of the Leader or his nominee:

"I have serious safety concerns with dangerous and obstructive parking on Cropston Road, Anstey, outside Nomads Football Club.

There are vehicles parked over pavements, on grassed areas, and now cars are parking on the blind bend with double yellow lines in situ across the weekends.

I have asked for parking enforcement to visit the area on Sunday mornings, but this has not happened.

Can the lead member please take some action to ease the pressure on this

busy bus route?”

Mr Tilbury replied as follows:

“The Council is aware of the parking issues in the vicinity of Anstey Nomads Football Club and acknowledges the concerns raised by Mrs Taylor about some of the irresponsible parking behaviours of a minority of those attending the site and their lack of regard for other users of the highway.

As the highway authority, the Council has introduced parking restrictions (double yellow lines) to try and deter visitors parking irresponsibly and these are enforced by Civil Enforcement Officers (CEOs) who patrol the area. It is recognised that Sunday mornings tend to be the main period that parking issues occur and as such patrols are made to Anstey on Sundays to try and combat the indiscriminate parking by users of the football club. However, there is a finite resource, and the CEOs cannot be in all areas at all times.

There is the option of additional paid enforcement, however this would be subject to the CEOs’ availability and willingness to volunteer to carry out additional hours.

We can confirm that CEOs have attended Cropston Road, Anstey on several occasions as listed below. However, only one penalty charge notice (PCN) was issued where the vehicle was parked in contravention of the restrictions. The attending CEOs did note a significant number of vehicles parked on verges but, as these are not subject to restrictions in place, no other PCNs were issued.

Since the football season has started, CEOs attended the site as follows:

- Sunday 24/08/2025: one PCN issued
- Sunday 14/09/2025: no PCNs issued
- Sunday 28/09/2025: no PCNs issued
- Sunday 12/10/2025: no PCNs issued

Unfortunately, whilst there is off-road parking at the football club, it is insufficient for the volume of users attending the site at certain times.

Previously, the Parish Council and Anstey Nomads worked together to create an events order that facilitated the use of ‘no waiting at any time’ parking cones on the unrestricted parts of the highway in 2021, which could also be enforced by CEOs. The Temporary Traffic Regulation Order (TTRO) lasted for 18 months and has since ended. We are aware that Anstey Nomads are still engaging with the Parish Council and also the Local Beat team/Police on how they can work together to improve the situation, but there has been no appetite from the parties for a further events order as yet.

The success of the order would be subject to the availability of volunteers to place and remove the cones, which is suspected to be an issue during the previous events TTRO period. The Council will raise this again with the football club and the Parish Council to see if the circumstances have changed and there is now appetite from them for a further events order.

As a final point of note, if there is dangerous or obstructive parking then the Police have on the spot powers to carry out enforcement. Members of the public can report such incidents to the Police via their non-emergency 101 number or via their website reporting traffic issues:

<https://www.leics.police.uk/ro/report/rti/rti-b/report-a-road-traffic-incident/>

Mrs Taylor asked the following supplementary question:

“I thank the Lead Member for his answer and his shared concerns about dangerous and obstructive parking on roads. He has mentioned that there's a finite resource. This issue causes concerns across many areas in Leicestershire, not just in my area. Could the Lead Member please look at increasing this budget and employing more civil enforcement officers?”

Mr Tilbury replied as follows:

“I sympathise with your predicament because I've got a similar one in my ward with a local football club. There's not an easy way around it because it's a real fine line between balancing encouraging the people to park well and enforcement. I think the best thing for me to do is probably arrange a visit to come and see the site first and then we can look at it together. You can give your input on what you think you need to do, and I will do the same on my part. I and the Director of Environment and Transport can then come up with a solution for you.”

(E) Mrs Taylor asked the following question of the Leader or his nominee:

“Following the report to the Corporate Governance Committee on 24th November identifying that there have been 34 Complaints under the Members' Code of Conduct since 1st October 2024, can the Leader confirm:

1. How many of the complaints are about members of the current administration?
2. How many member complaints were received in the first seven months after the County Council elections in May 2021?”

Mr D Harrison replied as follows:

- “1. For comparative purposes and in the interests of transparency, the response includes data relating to members other than the administration. Between 1st May 2025 and 12th November 2025, the complaints received were as follows:

	Number of complaints
Administration members	35
Non-administration members	3

The information provided above includes complaints which are at an early stage in the process and have not yet been subject to the initial assessment test. It is also important to note that 7 of the 38 complaints failed the initial test as they raise issues that are not capable of being

investigated under the Code of Conduct.

2. Between 1st May 2021 and 1st December 2021 there were 4 complaints in total."

Mrs Taylor asked the following supplementary question:

"Given the sharp increase in complaints compared to previous years, what impact has this had on the Council's resources, particularly in terms of staff costs, staff time, and the cost associated with processing and investigating these complaints?"

Mr D Harrison replied as follows:

"Obviously, you're aware of the finances and there's processes going on. We're living in a very tight situation and period in local government. We're not the only Council across the country suffering, but we are just looking at costs and expenses appropriately."

(F) Mrs Bottomley asked the following question of the Leader or his nominee:

"How does the administration intend to use the new powers to franchise bus services to ensure that residents in smaller villages can access fit for purpose and functional public transport?"

Mr Tilbury replied as follows:

"We have recently commissioned an initial feasibility study into the suitability of bus franchising for Leicestershire. Officers are currently in the early stages of evaluating the findings.

Under our current enhanced bus partnership model, we have the partnership working and flexibility in place to plan services which are community focussed. During the past 12 months, we have utilised the Bus Service Improvement Plan grant funding to review and re-design 80% of the County's bus network resulting in enhanced service provision. This has included numerous trial services being put in place following the feedback obtained at our extensive public engagement sessions, and the introduction of 11 digital demand responsive services (DDRT) resulting in many settlements having access to public transport when there previously was none.

We are continuing with the review of the bus network at present and will consider franchising options further when we are fully apprised of the findings of the franchising feasibility study. A further consideration in relation to franchising and potential options would need to take account of the outcome of local government reorganisation to ensure that the appropriate geography is included."

(G) Mrs Bottomley asked the following question of the Leader or his nominee:

"What data is the administration basing their desire to have 50% on site

working from staff on? What evidence is there that this will improve the services we provide and is cost effective?”

Mr Fowler replied as follows:

“Thank you for your question about the evidence and reasoning behind the Council’s proposal for a 50% on-site working model.

The proposal is based on a combination of internal data, feedback from management, public and private sector-wide trends, alongside the need to balance service quality, cost effectiveness, and staff wellbeing.

As a local authority, we are a front-facing organisation, and our workforce is our most important and valued resource. Maintaining staff visibility and accessibility is essential for public confidence and for delivering effective services.

We want to make the best use of our Council offices, providing space for our staff as well as renting out areas to other public sector organisations. By adopting a more structured approach to attendance, we expect to make better use of our resources and strengthen team cohesion.

We also believe that a structured hybrid model will help us maintain or even improve service quality. It does this by supporting collaboration, knowledge sharing, and team responsiveness. Working remotely can limit networking, peer support, and informal learning. Reduced in-person interaction may also impact career progression and inclusion, particularly for newer staff. We believe that face-to-face environments are better for mentoring and professional development.

Mental health issues are a major cause of absence within the Council, and working arrangements significantly influence wellbeing. We believe that the balanced proposal will reduce the often blurred boundaries between home and work and feelings of isolation; alongside enabling staff to work remotely and flexibly for a proportion of their working week.

The proposed policy is also about fostering a sense of organisational identity and fairness. Many of our roles, especially those on the frontline, require a physical presence. We believe that all staff should spend time on-site, given the nature of Council services.

We believe it is reasonable to ask staff (hybrid workers) to balance their time between working on-site and working remotely.

Importantly, we would monitor the impact of this policy and report back to the Employment Committee, to ensure it meets its objectives and remains cost effective.”

Mrs Bottomley asked the following supplementary question:

“Since no clear or measurable evidence has been presented to show that the current arrangements are negatively affecting service quality, collaboration, staff wellbeing, or organisational performance, could members please be

provided with the following information:

- On how many occasions have members of the public attended County Hall and been unable to receive adequate support specifically because the relevant staff are working from home?
- How many staff have reported that working from home has negatively impacted their career progression, sense of isolation or team cohesion?
- The number of staff who have raised concerns about the introduction of the 50% on-site working requirement.
- The anticipated total cost of implementing this policy, including any refurbishment, workspace adjustments, and parking or access arrangements needed to support this increased on-site attendance.
- How is this data being collected or gathered?

This would allow members to understand the actual evidence base and whether the proposed change is proportional and cost effective.”

Mr Fowler replied as follows:

“It's difficult because there are contradictory reports across the private and public sector that say that some arrangements are better for people at home, some are better for in the office. We've taken it that because this is a public organisation and that the taxpayers are obviously funding people's salaries, we think it's the right move to make to get people back into the office because, based on the evidence we've seen, it increases productivity and collaboration. In terms of the actual numbers, I don't have them to hand right now, but I'm sure that can be arranged, that we can give you something supplementary. I can speak to you afterwards if you like. I do hear the concerns because it is about flexibility and making sure that we've got the balance right because for some roles it may be that it's much easier to do things at home but for some, especially when it's a public facing organisation as I said in my response, it is vital that there has to be somebody there to answer a call or answer somebody coming in and wanting to speak.”

(H) Mrs Taylor asked the following question of the Leader or his nominee:

“The Leader has mentioned his £72 million saving plans for Leicestershire several times in this chamber and recently during his BBC Radio Leicester interview on 2nd October 2025.

Therefore, could the Leader:

1. Share this plan with members?
2. Confirm that the plan has been shared with the Chief Executive?
3. Why has the Leader not implemented his £72 million saving plan during the past 6 months since he has been running the council, but instead overspent on the budget by £8.1 million?

4. Why was this plan not part of the Tender Documents for the deep dive into this council's finances?"

Mr D Harrison replied as follows:

- "1. I'm not sure what the £72 million figure Mrs Taylor is referring to. Perhaps it was during my time as a Conservative councillor and I challenged her for the role of deputy leader of the group, where I may have used the figure as a general and hypothetical example to look at finding some savings within the organisation. Although supported by a significant number of her colleagues at the time, my challenge was not successful. However, what remains unarguable since taking over as Leader of the County Council in May, is the dire state of the finances inherited by my Administration.
2. The outgoing Chief Executive and his team of chief officers are fully behind my plans to engage Newton as expert external consultants to carry out a comprehensive efficiency review leaving no stone unturned, having a laser focus to reduce costs, identify efficiencies and ultimately savings this Council must find if it is to close the £90 million financial black hole left to us by the last Conservative administration.
3. Newton will help us identify savings and the £8.1 million overspend she refers to was an estimate for the current year made in September, I'm sure she will welcome the £5 million reduction in overspend reported earlier this month. I am confident that by the time this Council sets its precept and agrees its budget in February 2026, the MTFS will be back in balance.
4. The review of this County Council's finances, spending, commissioning and procurement processes and activities referred to in paragraph 3 above is unrestricted in scope. I am confident that this efficiency review will result in significant savings opportunities to allow this Council to regain sound finances and enable a sustainable future."

Mrs Taylor asked the following supplementary question:

"Could the Leader clarify what the £72 million figure refers to as he mentioned it during his BBC Radio Leicester interview on 2nd October 2025, when he was the Reform Leader and not a member of the Conservative Party? Does this figure represent a specific budget line, a combined savings target or a hypothetical example as previously stated?"

Mr Harrison replied as follows:

"It's the figure that I submitted during an election process where I contested the deputy leadership with you, and I was able to explain to members what I thought at that time. That was the beginning phase of trying to find efficiencies which was unsuccessful at that time. Yes, I have tried in the past but now I understand the sophistication and how it works. With a company like Newton's now, with a great record both nationally and internationally, this is the fourth time they're working with us. It is a different project, but I knew in

those stages we had to do something. It was all ignored so of course the debt grew, everything else happened, and here we are today. Hopefully from the start of this with Newton we will find where we can balance our budget. It's going to be critical going forward because we've got other areas of debt growing nationally, unconstrained, that the Government's not even attending to. We're left with it and we're paying the interest as well.

I have believed for a long time we have to review how we operate the business and the efficiency of the business. Hopefully we will get a conclusion which will be helpful to the Council as a body because we just couldn't carry on as we are."

(I) Mr Poland asked the following question of the Leader or his nominee:

"SuDS [sustainable drainage systems] ponds are a vital measure to mitigate the flood risk of new developments in our communities. If they are not maintained properly, however, they cannot operate as efficiently as they are designed to and therefore reduce the protection offered to residents.

1. Can the Lead Member tell me if Leicestershire County Council plays any role in advising on the design, operation and ongoing maintenance of SuDS ponds to Local Planning Authorities?
2. Does the County Council specify who should be responsible for the maintenance of SuDS ponds in perpetuity (or could it if it doesn't already) and is there any mechanism in place to ensure that maintenance work is carried out on an ongoing basis?"

Mr Tilbury replied as follows:

- "1. Leicestershire County Council, in its capacity as the Lead Local Flood Authority (LLFA) is consulted by Local Planning Authorities (LPAs) during the planning process for major developments only. The LLFA provide advice on designs to the LPA on full and reserved matters applications, on such matters as the position of SuDS and suitable access for maintenance from the public highway and/or shared access ways.

The LLFA recommends appropriate conditions to the LPA, relating to surface water drainage and maintenance. The LPAs are responsible for setting conditions as part of the planning approval process and enforcing against any non-compliance of those conditions.

The County Council does not specify who is responsible for the ongoing maintenance of SuDS. The LLFA gives standing advice on maintenance to LPAs that states 'Note that it is the responsibility of the Local Planning Authority, under the National Standards for Sustainable Drainage Systems, to ensure that a system to facilitate the future maintenance of SuDS features can be managed and maintained in perpetuity before commencement of the works.

2. If adopted by the relevant water company, then they will be the

responsible body for maintenance. If adopted by the County Council in its capacity as the Local Highway Authority (LHA), then the County Council will be responsible for ongoing maintenance.

The majority of SuDS on development sites are retained by the developer, therefore they are privately maintained by an appointed management company. The developer is responsible for maintenance during construction until such point that they appoint a maintenance company, or it is adopted by the water authority or the County Council. Failure to ensure adequate maintenance of SuDS would constitute a breach of planning conditions for the LPA to enforce.”

(J) Mr Charlesworth asked the following question of the Leader or his nominee:

“It has come to my notice following a request from a resident in my Ward, for me to seek answers about the offline status of a CCTV roadside camera in Wigston, that the camera in question had been offline between 02/01/25 and 25/06/25, six months in total. This information was supplied to me by Leicestershire County Council following my request.

Further, my resident informed me that the same camera was also offline in late August 2025, due to "technical difficulties." This information was given to my resident by the Traffic Prosecution Team at Leicestershire Police, when they requested CCTV footage from the relevant provider, to assist their investigation into a potential "hit and run" traffic collision in Wigston.

Questions:

1. Given the offline history of this camera, how widespread is this problem across the City and County, as it would appear that the public and the police, who rely on these cameras for safety and crime detection/ prevention are being let down?
2. Given that Area Traffic Control at Leicester City Council manage the CCTV inventory, can they now be approached formally to provide this information?
3. Has maintenance of and investment in, the CCTV infrastructure been systematically neglected to the detriment of public safety and crime prevention/detection and if so, is this neglect going under the radar of public and police awareness?
4. What assurances can be given regarding the current status of the CCTV provision and infrastructure given that residents and council tax payers have every right to expect this significant element of public safety to be functioning and maintained?
5. I now request as a matter of urgency, a root and branch investigation into the current status of the CCTV network in the Leicester City and Leicestershire local authorities.”

Mr Tilbury replied as follows:

- “1. The primary purpose of these cameras located in the County is for monitoring live traffic, rather than for safety and crime detection/prevention purposes. These traffic cameras are managed by Leicester City Council on Leicestershire County Council’s behalf and are used to validate data provided by traffic signal installation detectors cut into the road or mounted on traffic signal installations. They are an additional support for managing the road network, and as such when they are not operational, it does not constitute a safety risk for the public. Whilst the police can request footage recorded within 28 days of an incident happening, there is no guarantee that the camera would have been viewing that area of the junction at the time and could not be relied upon, even if fully operational at the time.

The initial fault for the traffic management camera in question at the location of Bull Head Street / Moat Street, Wigston was caused by a power supply issue that would normally be resolved as an urgent matter, however access to the CCTV’s power supply was obstructed by large telecommunications cabinets that were installed directly in front of the access point.

Leicestershire County Council’s Street Lighting team initially investigated the problem, but due to the limited access they were unable to resolve the issue. After communication between the relevant parties, the CCTV contractor was able to isolate the power to the CCTV cabinet before it reached that access point. Once the power supply fault had been resolved however, a second fault with the camera itself was identified, which took further time to repair.

Unfortunately, this meant that it was offline from 2 January 2025 to 25 June 2025.

2. All Camera Inventory Information is provided on the LCC Open Leicester data site (https://data.leicester.gov.uk/explore/dataset/cctv-cameras/information/?sort=camera_no&location=10,52.65903,-1.12781&basemap=jawg.streets). This is Leicester City Council’s full CCTV inventory and includes all type of cameras, including those for public safety/crime prevention. Non-traffic cameras are not part of the service level agreement (SLA) that Leicestershire County Council has with Area Traffic Control for traffic monitoring purposes.
3. The camera in question is a traffic management camera and all cameras managed by Leicester City Council on Leicestershire County Council’s behalf have the primary purpose of monitoring live traffic, not for safety and crime detection/prevention.

All traffic cameras under the ATC inventory are under a CCTV service contract. Key Performance Indicator (KPIs) reports show an above 95% attendance rate within the agreed response times by Graded Urgency (4hr/24hr/72hr). When cameras remain offline for a longer period, it is primarily because of an issue with the power supply or telecommunications to that camera and then becomes a third-party issue that may have a longer time frame to resolve.

4. All traffic cameras managed by Leicester City Council as part of the SLA with Leicestershire County Council have the primary purpose of monitoring live traffic, not for safety and crime detection/ prevention and KPI reports show an above 95% attendance rate within the agreed response times. Further capital investment is planned over the next two years to upgrade older cameras and communications from analogue technology to digital forms of communication. This will further improve reliability, maintenance, and connectivity to CCTV to allow ATC to monitor and manage the traffic network.
5. Any further requests for an investigation into all CCTV managed by Leicester City Council, including those in public areas, should be made directly to them.

Traffic management cameras managed by Leicester City Council as part of the SLA with Leicestershire County Council are in good working order as shown by the KPI reports. Where this has fallen below expectations is primarily when there is an issue with the power supply or telecommunications to that camera. Further capital investment is planned over the next two years to upgrade older cameras and communications that will further improve reliability, maintenance, and connectivity to CCTV."

(K) Mrs Taylor asked the following question of the Leader or his nominee:

- "1. Since the County Council elections in May 2025, can the Leader confirm whether he or any member of his Administration has had any contact whatsoever with Reform UK's DOGE Team regarding their repeated public offer to conduct a free, in-depth audit of Leicestershire County Council's finances?

Specifically:

2. Did the DOGE Team formally offer to visit and examine the Council's books at no cost to the taxpayer?
3. If so, why has the Administration never taken up this offer and instead chosen to spend £1.4 million of public money on an external consultant to do the same work?
4. Has the Administration ever issued a formal invitation for the DOGE Team to attend the authority, and if not, why not?"

Reply by Mr D Harrison:

- "1. At the Scrutiny Commission's meeting on 8 September 2025, in response to questions from Members regarding the so-called DOGE team. I confirmed they had been invited to the County Council. However, I also said at that same meeting I felt the appointment of an external consultant would be the best approach to address the high level of savings that the County Council was required to deliver. This

is what the Administration ultimately decided to approve.

2. Not officially. However, Reform UK has said that it expected all councils it controls to be invited to conduct an audit. This is not the case in Leicestershire.
3. Newton is a professional organisation with expertise across the services provided by local government and has worked with this Council on previous occasions in both adults and children's services, commissioned by the previous Administration. It has an impressive track record of identifying areas for savings and service transformation. Newton was appointed on that basis and after an open procurement process to carry out the Efficiency Review.
4. No, for the reasons referred to in answer 3 above."

(L) Mr Boam asked the following question of the Leader or his nominee:

"Following the routing of the Arriva bus service 12 along Church Lane, Whitwick in August 2025, there have been many complaints and concerns raised by residents about the suitability of Church Lane as a bus route. Those concerns have centred around the characteristics of Church Lane and buses (particularly the standard large buses) adding to an already congested road, the safety of the route and the siting of bus stops in the vicinity of residents' properties. In response Leicestershire County Council (LCC) committed to collate and review feedback received in conjunction with the operator, Arriva.

Can the Lead Member provide an outline of the review findings and what the position is on Church Lane continuing to be served by buses. In answering the question can the Lead Member cover:

- Why the service is being routed along Church Lane and not Brooks Lane as previously.
- Who decided on this bus service running along Church Lane.
- Who assessed the suitability and appropriateness of Church Lane being served by buses as well as bus stops.
- Any operational issues experienced along Church Lane since the service was introduced.
- The performance of the service including patronage from Church Lane."

Mr Tilbury replied as follows:

"Leicestershire County Council is fully aware of residents' concerns being raised about bus service 12 routing along Church Lane and has been continually reviewing feedback received along with the performance of the service in liaison with Arriva, the commercial operator of the service.

Arriva made the commercial decision to route its service 12 along Church Lane having considered passenger requests for improved access to and from the Whitwick Health Centre and the Whitwick, Dumps Road area

alongside driver observations and usage data. The service is fully funded by Arriva.

Service 12 previously operated via Brooks Lane in Whitwick. This routing did not allow for return travel to the Whitwick Health Centre on North Street which restricted access to bus travel for residents. Re-routing via Church Lane opened access to more passenger journeys.

The changes to this commercial service, which receives no subsidy from the County Council, were registered with the Traffic Commissioner and subsequently approved.

Service 12 is now an hourly service operating Monday-Saturday between Hinckley and Coalville via Whitwick. The service operates with 1 bus per hour, and the bus does not park or idle at the bus stops along Church Lane.

As the changes resulted in increased return journey access for bus passengers in Whitwick no objections were raised by the County Council when Arriva registered them with the Traffic Commissioner.

Church Lane is a typical Leicestershire Street with business access, resident parking issues and ad-hoc congestion where traffic often needs to wait behind parked vehicles for oncoming traffic to pass. Whilst much of the Leicestershire bus network serves roads like Church Lane with standard size buses, the smaller bus being utilised for this route, which is equivalent to the size of a food delivery van, is more than adequate in size to suitably navigate through Church Lane. It has been noted however that on occasion a standard size vehicle has been used on the route when Arriva have not had a small vehicle available.

Arriva undertook their own assessment of the appropriateness of the routing via Church Lane and in their professional driver capacity, were confident that the route was suitable to operate a bus service.

In support of the route changes, the County Council reviewed and assessed the suitability and safety of the 5 new bus stop locations identified by Arriva along Church Lane to support the bus service and access for its passengers. No concerns were picked up as part of this assessment. The stops are currently temporarily denoted by concrete-based lollipop signs.

Other than some initial issues experienced in week 1 with some heightened parking obstruction, Arriva has confirmed that the route is operating well, with their drivers not experiencing any issues and the service is running smoothly and is punctual.

Arriva are seeing an increase in patronage in Whitwick since these changes were made. On review of a comparable 6-week period prior to the route changes, 37 passenger journeys were made from Brooks Lane, whereby during the initial 6-weeks following the changes, 217 passenger journeys were made from Church Lane.

Patronage has also increased overall across Whitwick with 922 journeys in 6 weeks previously and 1467 in the initial 6 weeks following the service

changes. A growth in patronage of 37%.

In light of the above, Arriva have advised that they intend to continue operating the current route on a commercial basis for the foreseeable future. The County Council will therefore be seeking to formalise the bus stops with permanent flags and poles.”

Mr Boam asked the following supplementary question:

With so many Whitwick residents quite frankly furious about buses on the totally unsuitable route down Church Lane, can the Lead Member for Highways confirm whether the Council still has any power to stop this route or reroute the bus elsewhere?”

Mr Tilbury replied as follows:

“I confirm it's a commercial route which means the County Council will not subsidise it at all. It is the bus company's decision.”

44. POSITION STATEMENTS UNDER STANDING ORDER 8.

The Leader gave a position statement on the following matters:

- Member Conduct;
- Local Government Reorganisation;
- Building Local and Regional Strategic Relationships;
- Villages Together.

The Lead Member for Resources gave a position statement on the Efficiency Review.

The Lead Member for Environment and Transport gave a position statement on the following matters:

- Getting ready for winter (gritting and flood ready);
- Response to Storm Claudia.

The Chairman of the Scrutiny Commission gave a position statement on the work of the Scrutiny Commission.

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

45. REPORT OF THE CABINET.

(a) Annual Delivery Report and Performance Compendium 2025.

It was moved by Mr Fowler, seconded by Mr D Harrison, and carried unanimously:

“That the Annual Delivery Report and Performance Compendium 2025 be approved.”

46. REPORT OF THE CONSTITUTION COMMITTEE.

(a) Review and Revision of the Constitution.

It was moved by Mr D Harrison, seconded by Mrs Taylor and carried unanimously:

Motion 1

- “(a) That the proposed changes to the Constitution, as set out in Appendix A to this report, other than those which relate to Standing Orders (the Meeting Procedure Rules), be approved;

Motion 2 – Procedural Motion in accordance with Standing Order 37

- (b) That the changes to Standing Orders (The Meeting Procedure Rules), as set out in Appendix B to this report, be approved.”

(NOTE: Standing Order 37 requires that this procedural motion, having been moved and seconded, stands adjourned until the next ordinary meeting of the Council.)

47. REPORT OF THE APPOINTMENT COMMITTEE.

(a) Appointment of Chief Executive.

It was moved by Mr D Harrison, seconded by Mrs Taylor and carried unanimously:

- “(a) That Jane Moore be appointed Chief Executive and Head of Paid Service with effect from 4 December 2025, with remuneration at Grade 22, spinal column point 71, of the Leicestershire County Council Salary Scale 2025-26;
- (b) That Jane Moore be appointed as Electoral Registration Officer and Returning Officer with effect from 4 December 2025.”

48. TO CONSIDER THE FOLLOWING NOTICES OF MOTION:

(a) Support for Family Carers.

It was moved by Mr D Harrison, seconded by Mr Crook and carried unanimously:

- “(a) That this Council:
- (i) Recognises the vital role played by carers in supporting vulnerable individuals across Leicestershire and acknowledges

the unique challenges they face in accessing services, employment, and community participation;

- (ii) Notes that the Care Act 2014 grants carers the right to:
 - A Carer's Assessment, regardless of the amount or type of care provided;
 - Support services and personal budgets where eligible;
 - Information, advice and preventative support to maintain wellbeing;
 - Independent advocacy where needed.
- (iii) Notes that the Children and Families Act 2014 entitles all young carers and parent carers to a needs assessment;

(b) That this Council therefore resolves to:

- (i) Formally recognise carers as a group requiring particular consideration and support, specifically:
 - To ensure carers are consulted and involved in shaping services;
 - To review service delivery to remove barriers for carers;
- (ii) Assess future decisions, services and policies made and adopted by the Council to determine the impact of changes on carers;
- (iii) Ensure that these commitments are incorporated into the refresh of the Leicester, Leicestershire and Rutland Carers Strategy and any other relevant policies and strategies."

(b) Opposing Labour's Digital ID Scheme.

It was moved by Mr Mullaney and seconded by Mr Fowler:

- "(a) That this Council notes the recent announcement by Keir Starmer's Labour Government of plans to introduce a mandatory Digital ID scheme for all UK residents.
- (b) That this Council further notes that the Government's plan:
 - (i) Could require every resident to obtain a Digital ID to access public services and entitlements;
 - (ii) Could risk criminalising millions of people, particularly older people, those on lower incomes, or those without access to digital technology;
 - (iii) Raises significant privacy and civil liberties concerns;
 - (iv) Could result in billions of pounds of taxpayers' money being

wasted on a massive IT project, with no clear benefit or safeguards.

- (c) That this Council believes that Labour's scheme:
 - (i) Represents an expensive measure that will undermine public trust;
 - (ii) Will do nothing to address the real priorities facing communities such as delivering more police on the streets, properly funding local schools and fixing broken roads and pavements;
 - (iii) Fails to protect our core British values of liberty, privacy and fairness.
- (d) That this Council welcomes the Liberal Democrats' consistent national opposition to Labour's ID cards, having previously defeated Labour's original plans for ID cards in 2010, and opposes Labour's renewed attempt to impose them in digital form.
- (e) That this Council resolves:
 - (i) To formally oppose the Labour Government's Digital ID plans;
 - (ii) To request the Leader of the Council and the Chief Executive write to the Secretary of State for the Home Department and the Minister for Digital Infrastructure expressing this Council's firm opposition to Labour's mandatory Digital ID system and calling for the plans to be scrapped;
 - (iii) To work with local voluntary, digital inclusion and civil liberties groups to ensure that no resident in Leicestershire is penalised or excluded as a result of any national identification scheme."

On the motion being put and before the vote was taken, five members rose asking that a named vote be recorded.

The vote was recorded as follows:

For the Motion

Mr Abbott, Mr Bailey, Dr Bloxham, Mr Boam, Mr Bools, Mrs Bottomley, Mr Bradshaw, Mr Bray, Miss Butler, Mr Chapman, Mr Cooke, Mr Crook, Mrs Danks, Mr Durrani, Mr England, Mr Fowler, Mr Galton, Mr Grimley, Mr Hamilton-Gray, Mr D Harrison, Mr P Harrison, Dr Hill, Mr Holt, Mr Innes, Mr King, Mrs Knight, Mr Lovegrove, Mr McDonald, Mr Melen, Mr Morris, Mr Mullaney, Mr O'Shea, Mr Page, Mrs Page, Mrs Pendlebury, Mr Piper, Mr Poland, Mr Pugsley, Mr Richichi, Mr Robinson, Mr Rudkin, Mrs Seaton, Mr Smith, Mr Squires, Mrs Taylor, Mr Tilbury, Mr Walker, Mr Whitford

Against the Motion

Ms Gray, Mr Miah

Abstention

Mr Charlesworth

The motion was carried with 48 members voting for the motion and 2 members voting against.

(c) Urgent Action on SEND Funding.

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

“(a) That this Council notes:

- (i) The increasing number of children and young people in our county with Special Educational Needs and Disabilities (SEND);
- (ii) The growing pressure on schools, local authorities, and families to meet complex needs with limited resources;
- (iii) That current funding levels for SEND provision are insufficient to meet statutory obligations and ensure equitable access to education.

(b) That this Council believes:

- (i) Every child deserves access to high-quality education, regardless of their needs;
- (ii) Underfunding SEND services risks long-term harm to children’s development, wellbeing, and life chances;
- (iii) Local authorities must be adequately resourced to deliver the support required under the Children and Families Act 2014.

(c) That this Council resolves to write to the Secretary of State for Education, urging an immediate review and uplift of SEND funding allocations for Leicestershire County Council.”

(d) Community Flood Signage Scheme for Leicestershire.

Mr Poland sought and obtained the consent of the Council to move an altered motion.

It was moved by Mr Poland, seconded by Mr Tilbury and carried unanimously:

“(a) This Council notes:

- (ii) That instances of surface water and fluvial flooding across Leicestershire are becoming more frequent and severe, posing

risks to life, property, and transport networks.

- (iii) That road closures during flood events may at times be delayed because the Council's Operational Highways teams and emergency services cannot always attend immediately.
 - (iv) That Nottinghamshire County Council operates a Community Flood Signage Scheme (CFSS), which enables trained community Flood Wardens (who are employees of Nottinghamshire County Council) to deploy signage and temporarily close roads when pre-agreed flood trigger levels are reached, under the direction and authorisation of the County Council's Flood Risk Management Team.
 - (v) That this scheme has been recognised nationally for improving public safety, reducing emergency response demands, and strengthening local resilience.
- (b) This Council has undertaken an initial feasibility assessment introducing a CFSS and recognises:
 - (i) That empowering local communities to act swiftly and safely during flooding events could significantly enhance public safety.
 - (ii) That subject to resolving legal and regulatory issues and with appropriate training, insurance, and operational protocols, community Flood Wardens could responsibly assist the Council in closing roads that are temporarily impassable due to flooding.
 - (iii) That implementing a CFSS in Leicestershire would align with the Council's objectives as the Lead Local Flood Authority and demonstrate proactive flood management.
- (c) To introduce such a scheme this Council notes:
 - (i) That Volunteer Flood Wardens (VFWs) are currently managed by the Local Authority Resilience Partnership. The Resilience Partnership Management Board does not support the introduction of CFSS due to concerns over resource pressures, particularly during a severe weather event. It is also recognised however that many VFWs have called for the power to legally close roads during flooding events and giving them that power could help protect people and property during flood events.
 - (ii) In light of the Resilience Partnership Management Board's position, the management responsibility of the CFSS would need to be transferred to the Council from the Resilience Partnership in order to facilitate the scheme, including updating the role and responsibilities of the team providing the necessary training, supervision and oversight to effectively manage the responsibility and liabilities associated with a volunteer scheme of this nature.
 - (iii) That a transfer of responsibilities and appointing the necessary

resource would need to be managed to avoid disruption to services during the higher flooding risk time of year for the County Council's flood risk and drainage teams.

- (iv) That implementation of the CFSS would be dependent on both the ability and willingness of VFWs to take on additional responsibilities and for those VFWs to be available at the time of a flood event. Any VFW who does not wish to have the responsibility of closing roads during a flood event would not be required to do so.
 - (v) Not all locations would be suitable for action by VFW, including high speed roads and isolated locations. These locations would continue to be addressed by the Local Highway Authority even where a CFSS was implemented.
- (d) This Council therefore resolves to:
- (i) Introduce a pilot scheme of enhanced resources allocated to prioritise 'quick response' to locations where road closures could reduce the risk to life (in addition to existing sites) and risk of property flooding caused by bow waves or other relevant locations promoted by VFWs. Initial locations during the pilot would be based on existing reports and local knowledge. Additional locations may be added over time dependent on the evaluation of the pilot. The objectives are similar to a CFSS but with the benefits of wider coverage and consistent application.
 - (ii) Work with VFWs to identify suitable locations for signage warning where a route is liable to flooding or where bow waves can cause internal property flooding.
 - (iii) Engage with the communities impacted by bow wave flooding to help and guide them on making their properties more flood resilient. All communities, residents and businesses need to be flood aware and prepared. It is acknowledged that whether through a CFSS or the quick response pilot, it will never be possible to remove the risk of flooding and neither scheme should be viewed as a 'solution' to flood risk, rather one of a set of tools that might reduce the impact.
 - (iv) Monitor the impact of this pilot and report back to the Environment, Flooding and Climate Change Overview and Scrutiny Committee after six months on the outcomes.
 - (v) Declare that it is the will of this Council to transfer the VFW service to the County Council and take forward a CFSS pilot. It is acknowledged that the CFSS scheme may not be in place for the 2025/26 flood season due to the insurance, training and other matters which will be required to be resolved for this scheme, but it is the intention of this Council to have the CFSS scheme in place in Leicestershire in time for the 2026/27 flood season. This Council requests Cabinet to identify the necessary resources for inclusion

in the County Council's 2026/27 budget.”

2.00 pm – 5.51 pm
03 December 2025

CHAIRMAN

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COUNTY COUNCIL MEETING – 3RD DECEMBER 2025
POSITION STATEMENT FROM THE LEADER OF THE COUNCIL

Member Conduct

Since the May elections, there have been too many examples of comments made in social media, both political and personal in nature, attacking Members from both sides, resulting in complaints to the Monitoring Officer to deal with.

For my part, I apologise to all Members and staff of this Council.

In an attempt to draw a line and move on, I met with Mrs Taylor and Mr Smith, her deputy leader, on 28 October, along with my deputy, Kevin Crook, to try and agree a new protocol dealing with how our respective Groups would agree to end direct personal attacks on each other and keep political comment and discourse to policy, where it should be.

However, towards the end of our meeting on the 28 October, which I thought was a robust exchange of views, in front of witnesses, Mr Smith threatened me with physical violence and to “knock my block off if I hurt someone he cared for”.

Mr Crook had to intervene to calm the situation down but naturally I was frightened for my personal safety, and I remain wary of in person meetings with Mr Smith.

I have reported this matter to the Police, as I am not satisfied that the leadership of the Conservative Group has dealt effectively with Mr Smith’s conduct and behaviour, to which he has admitted in a subsequent email of apology I received.

I do not accept that apology and call on their Group to take whatever corrective action is necessary.

Local Government Reorganisation

The Business Case for Local Government Reorganisation (LGR) in Leicestershire and Rutland was submitted to the Government last week, before the deadline of 28 November. Its submission marks a critical moment for the Council and will influence the future of local government in the area for decades to come. Our proposal reflects months of careful planning and engagement, aimed at creating a more efficient and resilient structure that meets the needs of our communities. I welcome the valuable input from Scrutiny, which has helped shape and strengthen the case and ensure transparency and accountability.

I want to put on record my personal thanks to all the officers of the County Council who worked extremely hard, often against tight timescales, to produce the final bid submitted to Government.

It is particularly encouraging to see the strong cross-party majority in Council supporting this proposal. This consensus demonstrates a shared commitment to delivering better outcomes for residents across Leicestershire and Rutland and ensuring that local government remains responsive and sustainable. By working together across political boundaries, we are laying the foundations for a modern, effective organisation that can rise to the challenges ahead.

The Government is expected to announce next year which proposals will move ahead to the consultation stage. We will be able to provide feedback on all proposals forming the Government's consultation for Leicester, Leicestershire and Rutland. If the Government's timetable is met, a final decision on the preferred option is expected before the summer parliamentary recess.

Building Local and Regional Strategic Relationships

Building key working and productive relationships with local and regional leaders since the May County elections, is a very important area of work for my Administration.

Changes in political control are never easy to navigate, so it is important that new relationships are built and forged at every opportunity.

Developing good relationships with MPs is really important. I wrote to all of Leicestershire's MPs to get their views on LGR, and I had the opportunity to meet with Dr Luke Evans MP and Ed Argar MP, to seek their views and opinions on LGR, but also to discuss key issues facing the County Council, including future funding and the current MTFs, their support in lobbying Government for SEND policy reform, as well as local constituency issues.

I have also met with the new East Midlands Combined Authority mayor Claire Ward, to discuss LGR, the East Midlands Freeport and the opportunities for future working relationships between our respective local authorities.

Finally, I met with the Temporary Chief Constable of Leicestershire, David Sandell and am looking forward to my meeting with the Bishop of Leicester, Martyn Snow.

Villages Together

A key aspect of the County Council's Local Government Reorganisation proposal is Empowering Communities – giving more power to people to be involved in local decisions. This will build on collaborative work already taking place. At a recent meeting between the County Council and Villages Together – a coalition of parish councils – myself and Council officers discussed how town and parish councils could provide valuable local knowledge when Local Plans and planning applications were being developed and assessed, particularly around the impact of increased traffic on neighbourhoods.

The current planning system is complex and the ability for local communities to have a say in what happens in their local area can be challenging. Proposals such as the area committees under LGR provide a clear mechanism for local input into the

planning process and the delivery of other key services in local communities. These area committees will build on the positive dialogue we are already having with communities demonstrated by this recent meeting with Villages Together which will continue into the future.

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COUNTY COUNCIL MEETING – 3rd DECEMBER 2025

POSITION STATEMENT FROM THE CABINET LEAD MEMBER FOR RESOURCES

Good afternoon, Mr Chairman, fellow councillors and members of the public. I'm delighted to deliver my inaugural position statement as lead member of Finance and Resources here at Leicestershire County Council. It's been a busy couple of months to say the least, but I feel very confident that despite facing challenges, the department is heading in a promising direction.

Today I'd like to briefly report on our highly anticipated efficiency review that's currently being undertaken here at County Hall.

Before I was even elected as a county councillor for Bruntingthorpe, it was clear that public finances were spread incredibly thinly- both on a local level and within the wider national context. That was why in my election manifesto, my first pledge was to find efficiencies within the organisation. This was both to improve the long-term prosperity of the authority and get residents the best value for their hard-earned tax contributions.

Of course, there are external factors that contribute to the financial difficulties that local authorities face. Unfortunately, we know this all too well here in Leicestershire where regrettably, we receive the worst funding per head out of all upper tier authorities.

That aside, my team and I can only deal with the cards we have been dealt. Therefore, the leader, myself and the rest of cabinet decided to go out to tender for a contract with a business consultancy in order to find the necessary savings needed to bridge the gap.

After this process, we decided to work with a reputable company called Newton. They have worked with LCC in the past and delivered some savings at a departmental level. However, what they are doing now is a far more comprehensive and ambitious.

I hear and understand some of the concerns that fellow members have raised about the nature of these savings and what they may mean for the people of the county.

The truth is, we are still in the very early stages of the review process, with quite literally millions of data points needing to be reviewed, analysed and evaluating. That said, I want to assure my colleagues and members of the public that we are going about the delivery of this programme with the right balance of decisiveness and diligence. This is a job for a scalpel, not a chainsaw.

Thank you Mr Chairman.

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COUNTY COUNCIL MEETING – 3rd DECEMBER 2025

POSITION STATEMENT FROM THE CABINET LEAD MEMBER FOR ENVIRONMENT AND TRANSPORT

Getting ready for winter (gritting and flood ready)

As the Lead Member for Environment and Transport, I am pleased to report that our gritting team is ready for winter; their nightshift arrangements started on 3rd November 2025 for precautionary salting. The team have already been out gritting on seven nights so far this year, with the first treatment being carried out on Monday 17th November. All our salt deliveries have been received, and the depots are stocked ready for the season.

In addition, as part of our annual process all operational procedures have been reviewed.

- The service has been audited (twice) internally and by the British Standards Institution;
- Route optimisation has been completed for our gritting routes;
- New route guidance equipment has been installed in all our gritters;
- All gritters have been serviced and calibrated to ensure accurate salt spreading to 1 gram/m²;
- Winter specific forecasts are provided 24/7;
- 25 farmers across the County are available to support with snow clearing across the County and over 20 parish councils have snow wardens appointed;
- Revenue budget provision for the winter service for the financial year is £2m but actual expenditure will depend on severity of weather conditions.

When not gritting at night or supporting the response to flooding, the team complete urgent requests for pothole repairs, gully emptying and responding to emergency defects.

To ensure the team are fully ready to support during adverse weather, the highway depots have been stocked with sandbags, flood signs and road closed signs etc.

The highways control room continually monitors weather forecasts and severe weather alerts ensuring operational teams repeat a check of resources on receipt of any weather alert – this includes putting additional staff and resources on standby outside of standard working hours.

Response to Storm Claudia

An amber weather warning issued for Storm Claudia starting at 6am on Friday 14th November to Saturday 15th November kept the highways staff busy attending to fallen trees and flooded roads throughout the period.

The teams worked 24/7 from Thursday 13th November through to Monday 17th November in response to the storm with gritting duties then starting again on Monday night. On Thursday night, ahead of the adverse weather, teams delivered road closed signs, flood boards and cones to the side of the road at known flooding hotspots ready for response teams to attend and close the road as swiftly as possible when flooding started. This has been the first trial of pre-delivery of the signs and cones to hotspots ahead of flooding and I am pleased to report this helped the operational teams respond quickly to flooded roads that needed to be closed.

The service took over 340 calls from Friday through to Sunday; 22 trees fell across the highway and were removed; flood boards were put up at 32 other locations.

Nine roads were closed due to flooding:

- Mythe Lane, Witherley (Third-party responsibility – main river);
- Slash Lane, Sileby (Flood plain, not defective highway assets);
- Fosse Way Syston (Flood plain, not defective highway assets).
- Melbourne Rd Castle Donington (Flood plain, not defective highway assets) .
- Ratby Lane, Ratby (Flooding from Rothley brook, not highway asset)
- Mountsorrel Lane, Sileby (Flood plain, not defective highway assets)
- Lubbesthorpe Way Braunstone (lane Closure) (Needs investigation)
- Main St Lockington Hemington under the A50 (Pump failure – poor highway design feature)
- Layby Off A563 Westbound Soar Valley Way (Local issue needs investigation)

Officers also supported the Leicester, Leicestershire and Rutland Resilience Partnership multi agency response over Friday and Saturday.

Since the previous flooding in January 2025, the highway and drainage teams have:

- Emptied 75,000 gullies, 8,000 of them on the high-speed road network, as part of the routinely scheduled maintenance;
- Carried out an additional cleanse of 5,000 gullies in response to the flooding in January with another 2000 programmed following Storm Claudia; and
- Programmed inspections of a further 22 highway culverts in locations affected by Storm Claudia.

Reports of two properties internally flooding as a result of Storm Claudia have been verified by the Council in its capacity as the Lead Local Flood Authority (LLFA), one in Coalville and one in Ratby. The LLFA has been in direct contact with those

affected offering support in the aftermath of the event. A further two properties in Lutterworth are also reported to have been internally flooded and the LLFA is also working to support those affected and verify this claim. No formal investigations are known to have been triggered as a result of this storm.

The LLFA continues to promote the Be Flood Ready messaging. A number of multi-agency public drop-in events have been coordinated across the County, including most recently in Broughton Astley and Loughborough to help support this campaign.

I am pleased to confirm that our highway, operational and drainage teams responded quickly and performed well during these latest adverse weather conditions that affected Leicestershire.

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COUNTY COUNCIL MEETING – 3RD DECEMBER 2025
POSITION STATEMENT FROM THE CHAIRMAN OF THE SCRUTINY
COMMISSION

Since assuming the position of Chairman of the Scrutiny Commission in May 2025, I have sought to ensure that the Council's commitment to scrutiny continues. It has always been considered here in Leicestershire to be an essential function within the Council's operations, including holding the Cabinet to account, shaping policy, and promoting transparency.

Whilst it was disappointing that shortly after taking on the role of Chairman, I and some of my scrutiny colleagues had to seek to review a Cabinet decision regarding amendments to the Council's Flag Flying Policy, the decision having been made without adequate consultation or engagement including with scrutiny, I have since been encouraged by the Cabinet's cooperation and engagement with scrutiny, in particular the Leader's regular attendance at the Commission, and I am optimistic that we can all work together to best support our residents which remains our shared objective.

Over the past 6 to 7 months scrutiny has continued to be busy. I am particularly pleased with the input the Commission was able to provide to the Council's local government reorganisation proposals and thank officers for their hard work in preparing the business case for us to review.

The Commission held a dedicated session to examine the business case. Discussions ensured robust challenge and resulted in a number of areas for improvement being identified. I am pleased to see that these have all been taken on board by the Cabinet and I would say, this is a good example of how effective scrutiny can be and how it should be used to drive improvement.

The Commission continues to assess the Council's financial performance, and all scrutiny committees are set to rigorously review the Cabinet's budget proposals and the status of the efficiency review in the coming year. The Leader has consistently stated that frontline services will be protected with minimal cost to taxpayers. While I appreciate the

commitment, it remains evident that ongoing demand pressures will continue to influence future outcomes.

A key budgetary concern for many authorities remains the High Needs Block deficit. The Commission maintains oversight of this issue, while the Children and Families Overview and Scrutiny Committee monitors the implementation of the Council's 'Building Education Services Together' programme, which is designed to alleviate existing pressures. In response to members' concerns about the trajectory of growth this year, a joint scrutiny workshop was held in October by both scrutiny bodies to examine this in greater detail. This session provided valuable insight into the challenges facing the Council. Scrutiny will continue to monitor the position closely and make recommendations where it can.

REPORT OF THE CABINET

A. MEDIUM TERM FINANCIAL STRATEGY 2026/27 – 2029/30

Introduction

1. This report relates to the Cabinet's consideration of the 2026/27 – 2029/30 Medium Term Financial Strategy (MTFS) which has the following four main elements:-
 - 2026/27 revenue budget;
 - 2027/28, 2028/29 and 2029/30 provisional revenue budgets;
 - 2026/27 – 2029/30 capital programme;
 - Financial strategies and policies including the Capital Strategy, Investing in Leicestershire Programme Strategy, Risk Management Policy and Strategy, Earmarked Reserves Policy, Insurance Policy, Treasury Management and Annual Investment Strategy, and an Equality Impact Assessment.

Background

2. Attached is a report considered by the Cabinet on 3rd February 2026 which reflects the changes to the budget since it was approved for consultation in December. The MTFS will be updated and rolled forward each year at budget setting time.
3. The report considered by the Cabinet on 3rd February also contains the following appendices:

Appendix A	2026/27 Revenue Budget Summary
Appendix B	Four Year Revenue Budget 2026/27 to 2029/30
Appendix C	Growth and Savings 2026/27 to 2029/30
Appendix D	Savings under Development
Appendix E	Detailed Revenue Budgets 2026/27
Appendix F	Capital Programme 2026/27 to 2029/30
Appendix G	Capital Strategy 2026 - 2030
Appendix H	Investing in Leicestershire Programme Strategy 2026 - 2030
Appendix I	Risk Management Policy Statement and Strategy 2026

Appendix J	Earmarked Reserves Policy 2026-27
Appendix K	Earmarked Reserves Forecasts
Appendix L	Insurance Policy 2026
Appendix M	Council Tax Bands and Precept 2026/27
Appendix N	Treasury Management Strategy Statement and Annual Investment Strategy 2026-27
Appendix O	MTFS Consultation Report
Appendix P	Equality Impact Assessment
Appendix Q	Comments of the Overview and Scrutiny Committees and Scrutiny Commission
Appendix R	Efficiency Review Opportunities

Consideration by Scrutiny Bodies and the Corporate Governance Committee

4. As indicated above, the Cabinet's proposals were the subject of reports to Scrutiny bodies. The comments of these bodies are set out in Appendix Q to this report.
5. The Corporate Governance Committee at its meeting on 23rd January 2026 approved the Risk Management, Insurance and Treasury Management Policies and Strategies which are set out in Appendices I, L and N.

Consideration by the Cabinet

6. On 3rd February, the Cabinet considered the comments of the various Scrutiny bodies, the results of the consultations and other developments, including further funding announcements, since it published the draft budget in December 2025.
7. The Cabinet at its meeting recommended a Council Tax increase of 2.99% which is included in the recommendations of the Cabinet to the County Council concerning the MTFS set out in the motion which appears below.

Motion to be moved

- (a) **That subject to the items below, approval be given to the Medium Term Financial Strategy (MTFS) which incorporates the recommended net revenue budget for 2026/27 totalling £613.4m as set out in Appendices A, B and E of this report and includes the growth and savings for that year as set out in Appendix C;**

- (b) That approval be given to the projected provisional revenue budgets for 2027/28, 2028/29 and 2029/30, set out in Appendix B to the report, including the growth and savings for those years as set out in Appendix C, allowing the undertaking of preliminary work, including business case development, engagement and equality and human rights impact assessments, as may be necessary to achieve the savings specified for those years including savings under development, set out in Appendix D;**
- (c) That each Chief Officer, in consultation with the Director of Corporate Resources and following consultation with the relevant Cabinet Lead Member(s), undertake preparatory work as considered appropriate to develop proposals and associated investment required to reduce the financial gap in all four years of the MTFS, to enable the Cabinet, subject to scrutiny processes, to consider a new multi-year transformation programme;**
- (d) That approval be given to the early achievement of savings that are included in the MTFS, as may be necessary, along with associated investment costs, subject to the Director of Corporate Resources agreeing to funding being available;**
- (e) That the level of the General Fund and earmarked reserves as set out in Appendix K be noted and the planned use of those earmarked reserves as indicated in that appendix be approved;**
- (f) That the risk assessment at paragraph 140 and the Director of Corporate Resources assurance statement at paragraph 155 be noted;**
- (g) That the recommended Council Tax increase of 2.99% for 2026/27 and the resulting precept be approved;**
- (h) That the Chief Executive be authorised to issue the necessary precepts to billing authorities in accordance with (g) above and the tax base notified by the District Councils, and to take any other action which may be necessary to give effect to the precepts;**
- (i) That approval be given to the 2026/27 to 2029/30 capital programme, totalling £501m, as set out in Appendix F;**
- (j) That the Director of Corporate Resources following consultation with the Cabinet Lead Member for Resources be authorised to approve new capital schemes and revenue spend to save schemes, including revenue costs associated with their delivery, shown as future developments in the capital programme, to be funded from funding available;**
- (k) That the financial indicators required under the Prudential Code included in Appendix N, Annex 2 be noted and that the following limits be approved:**

	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Operational boundary for external debt				
i) Borrowing	194	200	225	255
ii) Other long term liabilities	1	1	1	1
TOTAL	195	201	226	256
Authorised limit for external debt				
i) Borrowing	204	210	235	265
ii) Other long term liabilities	1	1	1	1
TOTAL	205	211	236	266

- (l) That the Director of Corporate Resources be authorised to effect movement within the authorised limit for external debt between borrowing and other long-term liabilities;
- (m) That the following borrowing limits be approved for the period 2026/27 to 2029/30:

(i) Maturity of borrowing:-

	<u>Upper Limit</u>	<u>Lower Limit</u>
	%	%
Under 12 months	30	0
12 months and within 24 months	30	0
24 months and within 5 years	50	0
5 years and within 10 years	70	0
10 years and above	100	25

- (ii) An upper limit for principal sums invested for periods longer than 364 days is 25% of the portfolio.
- (n) That the Director of Corporate Resources be authorised to enter into such loans or undertake such arrangements as necessary to finance the capital programme, subject to the prudential limits in Appendix N;
- (o) That the Treasury Management Strategy Statement and the Annual Investment Strategy for 2026/27, as set out in Appendix N, be approved including:
- (i) The Treasury Management Policy Statement, Appendix N; Annex 4;
 - (ii) The Annual Statement of the Annual Minimum Revenue Provision as set out in Appendix N, Annex 1;
- (p) That the Capital Strategy (Appendix G), Investing in Leicestershire Programme Strategy (Appendix H), Risk Management Policy and Strategy (Appendix I), Earmarked Reserves Policy (Appendix J) and Insurance Policy (Appendix L) be approved;

- (q) That it be noted that the Leicester and Leicestershire Business Rate Pool has been revoked for 2026/27;
- (r) That the Leicestershire School Funding Formula is subject to capping and scaling and continues to reflect the National Funding Formula for 2026/27;
- (s) That delegated authority be given to the Director of Children and Family Services, following consultation with the Cabinet Lead Member for Children and Family Services, to agree the funding rates for early years providers for 2026/27.

3rd February 2026

**Mr. D. Harrison CC
Leader of the Council**

Background Papers

Report to the Cabinet 16 December 2025 – Provisional Medium Term Financial Strategy 2026/27 to 2029/30 – Proposals for Consultation

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7882&Ver=4>

Report to the County Council 19 February 2025: Medium Term Financial Strategy 2025/26 – 2028/29

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=7391&Ver=4>

County Council Strategic Plan

<https://www.leicestershire.gov.uk/about-the-council/council-plans/the-strategic-plan>

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CABINET – 3 FEBRUARY 2026

PROVISIONAL MEDIUM TERM FINANCIAL STRATEGY **2026/27 - 2029/30**

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PART A

Purpose of the Report

1. The purpose of this report is to present the County Council's proposed 2026/27 to 2029/30 Medium Term Financial Strategy (MTFS) for approval, following consideration of the draft MTFS by the Cabinet in December 2025 and the Overview and Scrutiny bodies in January and receipt of the provisional Local Government Finance Settlement.

Recommendations

2. It is recommended that Cabinet
 - (i) Notes the comments of the Overview and Scrutiny Committees and the Scrutiny Commission (Appendix Q to this report);
 - (ii) Determines the Council Tax increase for 2026/27 and the resulting precept, to be recommended to County Council for approval;
 - (iii) Recommends the following to the County Council:
 - (a) That subject to the items below, approval be given to the Medium Term Financial Strategy (MTFS) which incorporates the recommended net revenue budget for 2026/27 totalling £613.4m as set out in Appendices A, B and E of this report and includes the growth and savings for that year as set out in Appendix C;
 - (b) That approval be given to the projected provisional revenue budgets for 2027/28, 2028/29 and 2029/30, set out in Appendix B to the report, including the growth and savings for those years as set out in Appendix C, allowing the undertaking of preliminary work, including business case development, engagement and equality and human rights impact assessments, as may be necessary to achieve the savings specified for those years including savings under development, set out in Appendix D;

- (c) That each Chief Officer, in consultation with the Director of Corporate Resources and following consultation with the relevant Cabinet Lead Member(s), undertake preparatory work as considered appropriate to develop proposals and associated investment required to reduce the financial gap in all four years of the MTFS, to enable the Cabinet, subject to scrutiny processes, to consider a new multi-year transformation programme;
- (d) That approval be given to the early achievement of savings that are included in the MTFS, as may be necessary, along with associated investment costs, subject to the Director of Corporate Resources agreeing to funding being available;
- (e) That the level of the General Fund and earmarked reserves as set out in Appendix K be noted and the planned use of those earmarked reserves as indicated in that appendix be approved;
- (f) That the risk assessment at paragraph 140 and the Director of Corporate Resources assurance statement at paragraph 155 be noted;
- (g) That the recommended Council Tax increase for 2026/27 and the resulting precept be approved;
- (h) That the Chief Executive be authorised to issue the necessary precepts to billing authorities in accordance with (g) above and the tax base notified by the District Councils, and to take any other action which may be necessary to give effect to the precepts;
- (i) That approval be given to the 2026/27 to 2029/30 capital programme, totalling £501m, as set out in Appendix F;
- (j) That the Director of Corporate Resources following consultation with the Cabinet Lead Member for Resources be authorised to approve new capital schemes and revenue spend to save schemes, including revenue costs associated with their delivery, shown as future developments in the capital programme, to be funded from funding available;
- (k) That the financial indicators required under the Prudential Code included in Appendix N, Annex 2 be noted and that the following limits be approved:

	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Operational boundary for external debt				
i) Borrowing	194	200	225	255
ii) Other long term liabilities	1	1	1	1
TOTAL	195	201	226	256
Authorised limit for external debt				
i) Borrowing	204	210	235	265
ii) Other long term liabilities	1	1	1	1
TOTAL	205	211	236	266

- (l) That the Director of Corporate Resources be authorised to effect movement within the authorised limit for external debt between borrowing and other long-term liabilities;

- (m) That the following borrowing limits be approved for the period 2026/27 to 2029/30:

(i) Maturity of borrowing:-

	<u>Upper Limit</u>	<u>Lower Limit</u>
	%	%
Under 12 months	30	0
12 months and within 24 months	30	0
24 months and within 5 years	50	0
5 years and within 10 years	70	0
10 years and above	100	25

- (ii) An upper limit for principal sums invested for periods longer than 364 days is 25% of the portfolio.

- (n) That the Director of Corporate Resources be authorised to enter into such loans or undertake such arrangements as necessary to finance the capital programme, subject to the prudential limits in Appendix N;
- (o) That the Treasury Management Strategy Statement and the Annual Investment Strategy for 2026/27, as set out in Appendix N, be approved including:
- (i) The Treasury Management Policy Statement, Appendix N; Annex 4;
 - (ii) The Annual Statement of the Annual Minimum Revenue Provision as set out in Appendix N, Annex 1;
- (p) That the Capital Strategy (Appendix G), Investing in Leicestershire Programme Strategy (Appendix H), Risk Management Policy and Strategy (Appendix I), Earmarked Reserves Policy (Appendix J) and Insurance Policy (Appendix L) be approved;

- (q) That it be noted that the Leicester and Leicestershire Business Rate Pool has been revoked for 2026/27;
- (r) That the Director of Corporate Resources, following consultation with the Cabinet Lead Member for Resources, be authorised to amend the provisional MTFS in response to changes arising between the Cabinet and County Council meetings, noting that any changes will be reported to the County Council on 18 February 2026;
- (s) That the Leicestershire School Funding Formula is subject to capping and scaling and continues to reflect the National Funding Formula for 2026/27;
- (t) That delegated authority be given to the Director of Children and Family Services, following consultation with the Cabinet Lead Member for Children and Family Services, to agree the funding rates for early years providers for 2026/27.

(KEY DECISION)

Reasons for Recommendations

- 3. To enable the County Council to meet its statutory requirements with respect to setting a balanced budget and Council Tax precept for 2026/27, to allow efficient financial administration during 2026/27 and to provide a basis for the planning of services over the next four years.
- 4. To enable early work to be undertaken on the development of new savings and transformation programme to address the serious financial position.
- 5. Applying capping and scaling to the Leicestershire School Funding Formula for 2026/27 will ensure the cost does not exceed the Schools Block Dedicated Schools Grant whilst continuing to fully reflect the National Funding Formula.
- 6. To enable rates to be set for early years providers for 2026/27. The delegation will enable the rates to be set for the providers within the government prescribed timeline.

Timetable for Decisions (including Scrutiny)

- 7. On 16 December 2025 the Cabinet agreed the proposed MTFS, including the 2026/27 revenue budget and 2026/27 to 2029/30 capital programme, for consultation. The Overview and Scrutiny Committees and the Scrutiny Commission then considered the proposals at their meetings in January 2026 (the comments of these bodies will be circulated separately as Appendix Q).
- 8. The County Council meets on 18 February 2026 to consider the MTFS including the 2026/27 revenue budget and capital programme. This will enable the 2026/27 budget to be set before the statutory deadline of the end of February 2026.

Policy Framework and Previous Decisions

9. The MTFS is a rolling financial plan that is updated annually. The current MTFS was approved by the County Council on 19 February 2025.
10. The County Council's Strategic Plan (agreed by the Council on 18 May 2022) summarises the Council's vision for Leicestershire through five strategic outcomes and a single line vision statement. The outcomes represent long-term aspirations for Leicestershire which may not be achieved in full during the four-year course of the Strategic Plan. Therefore, the Plan also includes specific aims for the Council to achieve by 2026 in order to progress towards each outcome. It also sets out some of the key actions which the Council will deliver to achieve these aims. The five outcomes are:
 - Clean, green future
 - Great communities
 - Improving opportunities
 - Strong economy, transport and infrastructure
 - Keeping people safe and well
11. The MTFS, along with other plans and strategies such as the Transformation Programme, the Capital Strategy, the Treasury Management Strategy, the Corporate Asset Management Plan and the Risk Management Strategy, aligns with these aims and underpins the Strategic Plan's delivery.
12. The Cabinet at its meeting on 12 September 2025 noted the significant financial challenges faced by the Council and inter alia agreed the approach to updating the MTFS. In October 2025 the Cabinet gave approval to commission an external efficiency review to support the Council to continue to make progress in closing the gap in its finances.

Legal Implications

13. The Director of Law and Governance has been consulted on this report.
14. The Council's Constitution provides that the budget setting is a function of the County Council which is required to consider the budget calculation in accordance with the provisions set out in Local Government Finance Act 1992. This requires that there be a calculation of the total of the expenditure the Council estimates it will incur in performing its functions and will charge to the revenue account for the year, such allowance as the Council estimates will be appropriate for contingencies and the financial reserves which the Council estimates will be appropriate for meeting future expenditure.
15. The Council is required to set a balanced budget each year following the processes set out in the Local Government Finance Act 1992. The Director of Corporate Resources as the Council's Section 151 Officer has a number of duties relating the Council's financial administration and resilience including to report on the robustness of the Council's budget estimates and the adequacy of its reserves. There is a further duty to issue a formal report if the S151 Officer

believes that the Council is unable to set or maintain a balanced budget. In addition, there is a requirement set out in the Local Government Act 2003 and relevant regulations¹ for the council when carrying out its duties to have regard to the Prudential Code for Capital Finance in Local Authorities.

16. Under Section 31A of the Local Government Finance Act 1992, the County Council, as a precepting authority (i.e. setting a Council Tax precept for the billing authority to bill and collect), must set a budget and precept by 1st March. In setting the budget, Members jointly and severally (collectively and individually) have a fiduciary duty to Council taxpayers. This means that they have a duty to facilitate, rather than obstruct, the setting of a lawful budget. Failure to set a lawful budget in time can lead to a loss of revenue, significant additional administrative costs and reputational damage. It may leave the Council at risk of a legal challenge from council taxpayers and/or intervention from the Secretary of State under section 15 of the Local Government Act 1999.
17. The Council is further charged with a duty to secure best value by making 'arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness'. This duty is supplemented by statutory guidance to which the Council must have regard.
18. The function of the County Council in setting its budget in due course will engage the public sector equality duty which is addressed in the Equality Impact Assessment (EIA) section below. An overarching and cumulative impact assessment will be available for the County Council when it considers the budget; it is important to note that the duty does not arise at a fixed point in time but is live and enduring and decision makers are required to have 'due regard' to the duty at each stage in the process although it is recognised that it is at the point in time when plans are developed to reconfigure or reduce services that the assessment is key.
19. The County Council, as a major precepting authority, is required to consult representatives of business rate payers and details of the budget consultation are set out below. There is no statutory requirement to undertake a public consultation on the MTFS but it is important to bear in mind that decisions which flow from the MTFS in relation to a change of provision or service may require adequate and proper lawful consultation before any decision is made as well as an equalities assessment to comply with the Public Sector Equality duty as referred to above. The preparatory work to be undertaken by Chief Officers as set out in the recommendations is key to contributing to lawful decision-making.
20. There is a requirement for the precept to be approved by the Council and notified to the billing authorities by no later than 1 March 2026.
21. Section 106 of the Local Government Finance Act 1992 applies; this means that a member who has not paid an amount due in respect of Council Tax for at least two months after it has become payable is subject to various restrictions if they attend a meeting at which matters relating to the calculation of the precept are

¹ Local Authorities (Capital Finance and Accounting) (England) Regulations 2003

considered. The effect of the restriction means that a member in this position must declare this fact and they cannot vote. It is an offence to vote or to fail to make this declaration.

Resource Implications

22. The MTFS is the key financial plan for the County Council. The County Council's financial position has been challenging for a number of years due to over a decade of austerity combined with significant growth in spending pressures, particularly from social care and special education needs. This was exacerbated by the impact of the Covid-19 pandemic and significant increases in inflation, to levels not seen for many decades. Spending pressures from children's social care and special educational needs have increased even more significantly in 2025/26 and are projected to remain at high levels over the period of the new MTFS, leading to the most challenging budget position the Council has faced.

23. Early in 2025 the Government set out principles for funding reform. Key elements of the principles were that funding allocations would be made based upon the best possible analysis and reflect factors which drive demand. Following a consultation in the summer changes were then made in the draft local government finance settlement to divert funding to urban councils at the expense of rural ones, despite the updated funding needs assessment showing that county areas have seen the biggest increase in needs. This has led the County Councils Network to conclude

"This seriously undermines the principles of the review, with this arbitrary measure not consulted on. This raises questions whether this review has been evidence-led and transparent."

24. Another controversial element of the reforms is the 100% Council Tax equalisations approach. The result is that when allocating funding Government assumes that Councils increase Council Tax by 5% each year regardless of the local position.

25. The draft Local Government Finance Settlement was announced on 17 December 2025. The final Settlement is expected in early February.

26. The current MTFS was the second year that the following year's budget had to be balanced by the use of earmarked reserves: £6m in 2024/25 followed by £5m in 2025/26, although the 2024/25 outturn position had improved to the extent that reserves did not need to be used. The current MTFS had a gap of £38m in year two rising to £91m in year four.

27. The position in 2025/26 has worsened. The latest forecast shows that the £5m use of reserves will still be required, and an additional net overspend of £1m is projected, which can be met from the MTFS risks contingency if no other mitigations are identified as the year progresses. There is a significant overspend on Children's Services (£10m) and the High Needs Block deficit has increased by 200% from £15m to £45m for the year. These are partly offset by underspends in other departments and on the inflation contingency and other central items. Although the projected 2025/26 net overspend can be contained,

the medium to longer term financial position of the Council still remains extremely difficult.

28. There are also a number of challenges in the Capital Programme, with a funding shortfall of £7m to provide additional school places, arising from a reduction in Department for Education (DfE) basic need grant, section 106 shortfalls and increased construction costs. By using the capital programme portfolio risk allocation and the capital financing reserve it has been possible to fund the increase without adding to the overall capital shortfall.
29. This revised MTFS for 2026-30 projects a revenue gap of £18m in the first year that (subject to changes from later information such as the final Local Government Finance Settlement) will need to be balanced by the use of earmarked reserves. There is then a gap of £36m in year two rising to £85m in year four, based on a 2.99% Council Tax increase, although no decision has yet been made on the level of increase to be approved. To have a realistic chance of closing the gap the County Council will need to quickly identify additional savings or source additional income that allow 2027/28 to be balanced without the use of reserves, which the Efficiency Review will support.
30. Alongside the £85m gap on the revenue budget, the Council is also forecasting a cumulative deficit on the High Needs grant in excess of £400m by 2029/30. The announcement in the Chancellor's budget that responsibility for funding SEND would transfer to government from 2028/29 is welcome, but there has been no information on how the historic deficit will be funded. For that reason, the MTFS assumes a continuation of the strategy to contribute 50% of the deficit to the Budget Equalisation reserve until further information becomes available.
31. To ensure that the MTFS is a credible financial plan, unavoidable cost pressures have been included as growth. By 2029/30 this represents an investment of £127m, primarily to meet the forecast increase in demand for social care. The MTFS also includes a net £55m provision for pay and price inflation in 2026/27 and later years. The majority of these pressures are unavoidable due to the nationally set National Living Wage, which has a significant influence on social care contracts, pay awards and increases to running costs driven by the levels of inflation.
32. Balancing the budget is an ongoing and increasingly difficult challenge. The aim is always for the December draft budget report to present a balanced budget for the following year and a small deficit for year two. This approach balances the need for sufficient time to identify initiatives that will close the gap without cutting back services excessively. However, the previous two MTFS's have required the use of £6m and £5m to balance the first year respectively, although the 2024/25 outturn position had improved sufficiently so reserves were not needed by year end. The draft 2026-30 MTFS only forecasts a balanced budget next year after assuming the use of £18m of earmarked reserves to meet the funding gap, with the following three years all being increasingly in deficit.
33. The £36m gap in the second year is of significant concern and reduction needs to be a focus. It will be a priority for reserves to be set aside to fully cover this gap to ensure that the County Council has sufficient time to formulate and deliver

savings and suppress service growth. The Council has always aimed to have two years of reserve cover in the Budget Equalisation reserve to give assurance that a balanced budget could be set in the event that savings delivery is slower than required. The total reserve cover available is not sufficient to cover the 2026/27 and 2027/28 combined deficits of £54m. Heightened focus on the County Council's finances continues to be required whilst this situation remains.

34. The external Efficiency Review, commissioned in October, is making good progress and the first tranche of savings identified have been included in the budget proposals. Further information on these is given at paragraph 86 below. The focus is on long term stability and identifying opportunities with sufficient financial benefits to significantly reduce the MTFS gap.
35. The MTFS gap and the uncertainty over government funding makes the decision on Council Tax even more crucial. The referendum limit has been set by the government at 4.99% for 2026/27 (2.99% core and 2% Adult Social Care) which would raise approximately £21.1m in additional income, and ensure that council tax is maximised for future years. The proposed budget currently includes a 2.99% increase, per the currently approved MTFS, for illustrative purposes. The report sets out the consequences of different Council Tax increases, both for the Council and its residents.
36. The Council Tax section of the report sets out the considerations when deciding upon the annual increase. From a good financial management viewpoint, the use of reserves to balance the budget is not a sustainable position. If expenditure is forecast to exceed income over the course of the MTFS, the prudent course of action is for Council Tax to be increased by the maximum possible. This would not only provide additional ongoing income to reduce the gap in each year of the MTFS. A key driver of this approach is due to the referendum principles imposed by Government. If a council does not raise sufficient tax the referendum limit prevents a catch-up in future years, resulting in the only option being additional savings. However, if it raises too much this can be reversed the next year.
37. The draft four-year capital programme totals £501m. This includes investment for services, road and school infrastructure arising from housing growth in Leicestershire, social care accommodation and essential ICT and Property capital schemes. Capital funding available totals £426m, with the balance of £75m being temporarily funded from the County Council's internal cash balances, with external borrowing potentially being required in future years.
38. To deal with the challenges that the County Council has faced in recent years, as the lowest funded County Council, a proactive approach has been required. Given the heightened uncertainty the more important it is that the County Council keeps this focus.

Circulation under the Local Issues Alert Procedure

39. This report has been circulated to all Members of the County Council.

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PART B

Changes to the draft Budget proposed in December 2025

40. The report on the draft MTFS taken to the Cabinet on the 16 December provided a lot of detail on the Chancellor's statement, the national financial context, the local government financial settlement and expected service and funding reforms. That detail is not repeated in this report, which focuses on what has changed since then. These changes are summarised in the table below:

	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Shortfall at 16 December 2025	23.3	49.0	78.2	106.1
Funding changes				
Provisional Settlement – net gains	-3.0	-3.0	-6.1	-6.1
Business Rates – inflation in 29/30	0.0	0.0	0.0	-1.9
Council Tax – updated tax base	0.1	0.1	0.1	0.1
Council Tax - collection funds reduced surplus	0.8	0.0	0.0	0.0
Other Changes				
Growth	-2.4	-2.4	-3.6	-3.6
Inflation / Other	-2.1	-4.0	-6.0	-8.0
Savings	-0.2	-1.4	-3.3	-3.6
Financing of Capital	0.0	0.0	-0.6	-0.5
Bank and Other Interest	0.0	-1.0	-1.0	-1.0
Contribution to Reserves	1.6	-1.7	-0.6	3.0
Contribution from Reserves (to balance 26/27)	-18.1	0.0	0.0	0.0
Revised Shortfalls	0.0	35.5	57.2	84.5

41. The changes are as detailed below:

- **Provisional Settlement.** The Settlement shows an improvement over the previous forecasts of a net £3m in 2026/27 rising to £6.1m from 2028/29, subject to more clarity on the requirements on the Families First grant in particular. The Final Settlement is awaited and may include further changes.
- **Business Rates.** The Provisional Settlement includes increases of around 2% each year on Business Rates up to 2028/29. It is assumed that a similar 2% will apply to Business Rates in 2029/30, amounting to £1.9m.
- The district councils have provided tax base figures for 2026/27 which are slightly lower than the estimate included at the time of the Cabinet Report in December 2025. There will be a decrease of £0.1m in the Council Tax precept.
- Council tax collection fund estimates for 2025/26 have now been received from the billing authorities and are £0.8m lower than the previous estimate.

- Growth changes include
 - Children and Family Services:
 - Social care placements reduced by £2.3m in 2026/27 rising to £3.1m by 2029/30 based on the latest estimates;
 - Oakfield expansion growth reduced by £0.2m;
 - Additional growth of £0.1m in Chief Executive's Department for subscriptions to the Local Government Association and the County Councils Network;
 - Revisions to the Growth Contingency of £1.2m in 2028/29 and 2029/30 to provide overall totals of growth in each year of £27m.
 - One-off £0.1m to develop the Flood Wardens service offer, create 5 pilot sites and work with resilience team on model to set up on a permanent basis.
 - Recognising the growing impact of flooding a further £0.05m has been earmarked to review the County Council's and key partners approach to preventing and reacting to flooding incidents.
- Inflation – changes of -£2.1m in 2026/27 rising to -£8.0m in 2029/30. The central inflation contingency has been amended for the latest information.
- Savings -£0.2m in 2026/27 rising to -£3.6m in 2029/30 mainly due to additional savings from the Efficiency Review of £3.4m by 2029/30.
- Financing of Capital (-£0.6m in 2028/29,-£0.5m in 2029/30) reflecting the latest forecasts and reduced capital funding gap.
- Bank and Other Interest – £1.0m increase from 2027/28 based on the latest forecasts of balances and interest rates.
- Contribution to Reserves – adjustments to the forecast requirements over the MTFS, mainly relating to maintaining contributions to the Budget Equalisation Reserve that match 50% of the High Needs Block forecast deficits.
- The remaining budget gap of £18.1m in 2026/27 will be funded by a contribution from the Budget Equalisation earmarked reserve, in the absence of any other savings or Council Tax increase, to enable the Council to meet its legal duty to set a balanced budget for 2026/27 following the processes set out in the Local Government Finance Act 1992. The amount to be funded from reserves is subject to any changes in the final settlement announcement.

Final Local Government Settlement

42. The final Local Government Settlement has not yet been received and is due in early February 2026. Any significant changes will be reported to the Cabinet and Council.

Spending Power

43. The Government uses a measure of Core Spending Power (CSP) in assessing an authority's financial position. The latest version of CSP for the County Council is shown in the table below.

Core Spending Power (CSP) table: Leicestershire County Council

Illustrative Core Spending Power:	2024-25	2025-26	2026-27	2027-28	2028-29
	£m	£m	£m	£m	£m
Revenue Support Grant (RSG)	0	0	80.1	105.2	109.8
Business Rates (baseline/top-up)	0	0	90.6	92.6	94.5
Local Authority Better Care Grant	0	0	21.8	-	-
Legacy Business Rates	92.2	93.2	0	0	0
Legacy Grant Funding	62.2	67.5	0	0	0
Local Authority Better Care Grant	17.7	21.8	0	0	0
Council tax requirement	397.9	422.5	449.3	477.8	508.2
Domestic Abuse Accommodation Grant	1.2	1.5	1.5	1.5	1.5
Families First Partnership	1.8	3.3	6.6	6.6	5.6
Grants rolled in to RSG	1.9	1.9	0	0	0
Core Spending Power Total	574.8	611.6	649.8	683.7	719.6

44. CSP includes an assumption that councils will increase council tax by the maximum amount permitted in each year, including raising the full adult social care precept.
45. The inherent problem with both the previous and the latest Government methodologies to setting funding is that neither takes account of the relative funding position of individual authorities.
46. The provisional settlement covers three years, rather than the recent pattern of single year announcements, but years two and three are subject to change. In addition there is a lack of clarity over whether some of the grant funding, particular the Families First Partnership funding, may be accompanied by requirements to incur additional expenditure. Consequently, there are still significant risks due to the uncertainty of future funding levels.

Business Rates

47. The two main components of the business rates retention scheme income received by the County Council are the "baseline" and "top up" amounts. The baseline is the County Council's share (9%) of business rates generated locally and the top-up is allocated to the County Council to compensate for the small baseline allocation.
48. When the Government has made changes to the national Business Rate Scheme compensation for funding losses have been made in previous years through a series of grants, referred to as Section 31 grants. As part of the Business Rates Reset, there is a change of treatment so that the County Council will receive income from the District Councils on a gross basis rather than the

previous net basis, and the Section 31 grants will be paid to the District Council collection funds.

49. The revised MTFS includes the “baseline” and “top up” figures issued by the Government as part of the Provisional Settlement. Those figures show increases of around 2%, in line with the OBR forecasts of CPI inflation. As the Settlement covers 2026/27 to 2028/29 an assumption has been included in the MTFS that a similar 2% will apply in 2029/30.
50. The Government introduced the Business Rates Retention System from April 2013 and as part of these changes local authorities were able to enter into Pools for levy and safety net purposes. Net surpluses are retained locally rather than being returned to the Government as would have been the case if no Pool had existed. The current pooling agreement allows for the surplus to be shared between the County Council, Leicester City Council and the seven District Councils. An estimate of £8m was included in the original 2025/26 budget for the County Council’s share of that year’s levies, and the latest estimates show a forecast of circa £7.7m.
51. In total £113m has been retained in Leicestershire between 2013/14 and 2024/25, due to the success of the Business Rates Pool, with a further potential surplus for the pool of £23m forecast in 2025/26.
52. The Government has changed the basis of Safety Nets and Levies from 2026/27 onwards. There will be a transitional period of Safety Net levels: 100% in 2026/27, 97% in 2027/28 and 92.5% in 2028/29. The Government also intends to replace the existing 50% Levy with a progressive (and smaller) levy on growth: 10% on growth up to 110% of baseline funding level, 30% between 110–200%, and 45% above 200%. Given the reset and the change to the safety net and levy rules, it is anticipated that pooling will not be as beneficial as in previous years and the risk of losing access to the national safety net will not be worth the reward of not having to pay the 10% levy to the Government. As a consequence, the partners decided in January 2026 that the Pool should be revoked.

Council Tax

53. The Localism Act 2011 provides for referendums on any proposed increase in Council Tax which is defined as excessive (using definitions prescribed by Central Government) which effectively gives a power of veto. A cap on the core increase of 3% is permitted for County Councils for 2026/27. In addition, the Councils will be permitted to raise an additional 2% to fund adult social care (the adult social care precept).
54. The most financially significant decision of any budget is usually the level that Council Tax will be increased by and the Council’s challenging MTFS. Whilst there is a gap between income and expenditure in the MTFS, applying the maximum Council Tax increase each year is the most prudent decision to protect financial sustainability and service delivery as far as possible. It is a stable and reliable income source and additional income generated from an increase impacts the MTFS in future years – it must be viewed as a long-term financial decision rather than for one year in isolation and has a direct impact on the level

of services that the Council will be able to provide. The referendum caps mean that a decision to reduce by less than the maximum in any one year permanently reduces the taxbase as it cannot be caught up in future years.

55. Every 1% Council Tax is increased by is worth £4.2m to the County Council, that is, £20m cash over the 4-year MTFS. Whilst the Council is using reserves to balance the budget the cash position is of particular importance. Over the MTFS period additional significant “one-off” cash demands are expected due to investment to close the financial gap; local government re-organisation potentially; £75m capital programme borrowing requirement; and the SEND deficit.
56. The 2026/27 draft budget uses a 2.99% increase (£13m of additional income) to demonstrate the impact on the MTFS and the projections in the table at paragraph 40 above reflect this.
57. It is also important to note that the funding formula assumes that councils will increase Council Tax by the maximum each year. The income from Council Tax included within Core Spending Power, which is the measure that the government uses to assess the total resources available for a Council to fund its services. Furthermore, the new Fair Funding proposals include 100% equalisation, which uses a notional Band D Council Tax amount to calculate the resources adjustment that is made from the formula when arriving at a Council’s total grant allocation for the year. For 2026/27, the notional amount is based on a Band D level of £1,739 for upper tier authorities. This is £57 above the County Council’s current Band D charge of £1,681.50, meaning that without any increase for 2026/27 the Council would be losing around £14m of funding compared to the level included in the funding formula. Even with a 3% increase for 2026/27, the Council’s Band D amount would be around £7 less, equating to lost income of nearly £2m.
58. The Council’s current Council Tax amount is lower than comparator authorities, contributing to its low funded position. Some examples are shown below:

Council	Band D 2025/26	Difference £/%
Leicestershire	£1,681.50	
Warwickshire	£1,822.95	+£141.45
Nottinghamshire	£1,894.54	+£213.04
Shire County Average	£1,728.00	+£47.00

59. The latest information on Council Tax increases for 2026/27 from neighbouring County Councils is - Derbyshire 4.9%, Nottinghamshire 3.99%, Warwickshire 3.89%. These are all subject to approval through the usual process.
60. Council Tax is a vital source of income to fund services and it is important that it keeps up with the pace of inflation in order to protect services. For 2026/27, additional costs from increases to the national living wage are at 4.1% and the estimated pay award is 3.5%. These two inflationary factors alone will increase costs by around £17m for next year and account for the vast majority of the

overall £18m inflation contingency, which exceeds the £13m that a 2.99% Council Tax increase would raise. This does not leave any funding for demographic and societal pressures (e.g. aging population and increasing support for children) that have been high for Leicestershire in recent years, as reflected in the service growth of almost £50m.

61. The table below illustrates the consequences of different Council Tax decisions, both for the Council and for a Band D household. The difference between a 2.99% and a 4.99% increase, for example, is 65p per week on a Band D bill, and £8.6m in additional income for the Council, and the difference between a 2.99% and a 3.99% increase is 32p per week on a Band D bill, and £4.3m in additional income for the Council :

% increase in Council Tax for 2026-27	Impact on Band D Council Tax annual bill	Impact on Band D Council Tax weekly bill	Income generated from % increase in 2026-27
0%	No change	No change	£0m
2% general	£33.63	£0.65	£8.6m
1% ASC precept	£16.82	£0.32	£4.3m
3% total	£50.45	£0.97	£12.9m
2% general	£33.63	£0.65	£8.6m
2% ASC precept	£33.63	£0.65	£8.6m
4% total	£67.26	£1.29	£17.2m
3% general	£50.45	£0.97	£12.9m
2% ASC precept	£33.63	£0.65	£8.6m
5% total	£84.08	£1.62	£21.5m

ASC :Adult Social Care

62. This contributes significantly towards achieving a balanced budget. The Council Tax decision must be based on a balance between service needs and affordability for residents which should be considered, alongside the advice of the Section 151 Officer and the assurance statement. Whilst there is a significant budget gap the prudent course of action for sound financial management is to maximise the increase up to the referendum limit to avoid more pressure on the Council's ability to provide its current range of services.
63. The wider context with partners and stakeholders is also an important consideration in the Council Tax decision. For instance, a lower increase may make negotiation with suppliers, particularly social care providers, more difficult when the Council is putting forward an argument that it cannot afford to pay more for a service. At a time when government is making significant funding and re-organisation decisions this consideration should not be understated.
64. Over the medium term the level of Council Tax is a key determinant of the level of services that can be offered, efficiencies can and should be maximised regardless of the increase taken. Government controls both service standards and funding mechanisms, leaving the key levers to manage the financial position

locally as the level of Council Tax; efficiency and effectiveness of operations and the range of discretionary services.

65. Whilst the draft MTFS is based on a Council Tax increase of 2.99% in 2026/27 and in each subsequent year, government policy allows for increases of 4.99% for each year up to 2028/29, but the increases applied will need to be assessed by the Council in light of the revised position in each refresh of the MTFS in future years.
66. The financial rationale for the Council setting a budget with the maximum Council Tax increase includes:
 - Demand pressures continuing to grow – with £46m of extra service demand in 2026/27 alone
 - Inflationary pressures, not in the Council's control, such as 4.1% on the National Living Wage which drives cost pressures in Adult Social Care, the Council's largest spending service and over 5% in Children's placements costs.
 - Continued uncertainty over DSG deficits with the government's plans to resolve this unclear and an estimated deficit of £265m at the point the statutory override is due to end.
 - The national funding formula assuming Council's take their maximum Council Tax increases. This is factored into Core Spending Power and the 100% equalisation methodology
 - Limiting the risk of service reductions in future years – whilst there are sufficient reserves in 2026/27 to fund the gap, these can only be used once and the budget equalisation reserve is not sufficient to fund the gap in 2027/28, increasing the risk of service reductions in future years
 - A lower than maximum Council Tax rise is an irreversible decision as the Referendum Limits in place mean that the lost income cannot be recovered in later years
67. A 4.99% Council Tax increase raises a further £8.5m of income in 2026/27 alone compared to the current assumption of 2.99%. This continues in future years and with taxbase increases would generate £40m of additional income over the MTFS. It reduces the financial risk that the Council faces in the future, helps to ensure that increased income keeps pace with inflationary cost increases and ultimately will have a direct link to the level of services that the Council can provide.
68. Council Tax base growth in 2026/27 of 1.48% is marginally lower than the 1.5% anticipated in the current MTFS. The proposed 2026-30 MTFS assumes increases of 1.5% in subsequent years.
69. Collection fund forecasts have been received from the district councils in January 2026 and show a reduction of £0.8m from the £2.0m net surplus included in the draft MTFS reported to the Cabinet in December 2025.

Budget Consultation

70. The County Council has undertaken its annual consultation on the draft budget. The consultation period ran from 17 December 2025 until 18 January 2026 and asked for view on the planned savings and growth included in the draft budgets as well as on the level by which council tax should be increased. A detailed report on the consultation outcome is attached as Appendix O.
71. Of those that expressed a preference on the Council's proposed growth and savings programme, the majority were supportive of the approach taken.
72. With respect to Council Tax, including the ASC precept:
- 68% supported an increase – of which 36% supported an increase of 3% and 32% an increase of 5%.
 - 21% supported no increases, and
 - 11% supported a decrease.
73. Respondents were also supportive of the Council's plans for new savings opportunities, with over 70% agreeing with the proposals.

2026/27 - 2029/30 Budget

74. The 2026/27 budget is summarised in Appendix A and detailed in Appendix E. The detailed four-year MTFS is set out in Appendix B and is summarised in the table below.

Provisional Budget	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Services including inflation	566.4	631.6	666.6	705.0
Add growth	46.3	27.0	27.0	27.0
Less savings	<u>-23.1</u>	<u>-12.0</u>	<u>-7.6</u>	<u>-5.7</u>
	589.6	646.6	686.0	726.3
Central Items	<u>4.6</u>	<u>8.6</u>	<u>11.7</u>	<u>14.3</u>
	594.2	655.2	697.7	740.6
Contributions to:				
Earmarked reserves	36.3	39.2	45.8	54.0
General Fund	1.0	1.0	1.0	1.0
Contribution from Budget Equalisation reserve (to balance 2026/27)	-18.1			
Total Spending	<u>613.4</u>	<u>695.4</u>	<u>744.5</u>	<u>795.6</u>
Funding				
Revenue Support Grant	-80.1	-105.2	-109.8	-109.8
Business Rates	-90.6	-92.6	-94.5	-96.4
Council Tax	<u>-442.7</u>	<u>-462.1</u>	<u>-483.0</u>	<u>-504.9</u>
Total Funding	<u>-613.4</u>	<u>-659.9</u>	<u>-687.3</u>	<u>-711.1</u>
Shortfall	<u>0.0</u>	<u>35.5</u>	<u>57.2</u>	<u>84.5</u>

75. The MTFS shows a shortfall of £18.1m in 2026/27, which will need to be met by a transfer from the Budget Equalisation earmarked reserve. There are shortfalls of £36m in 2027/28 rising to £85m in 2029/30. As set out in the following section there is a range of initiatives currently being developed that will aim to bridge the gap.
76. The Council maintains a range of earmarked reserves which are held to cover identified risks or for specific future projects. The Budget Equalisation reserve is held as contingency for the risks and uncertainties in the MTFS and to smooth the impact of budget gaps across the strategy. Given the significant gap of £36m in the MTFS from 2027/28 it is important that this reserve retains at least sufficient balance to cover that gap in the event that newly identified savings have a longer implementation time. After accounting for the £18.1m required for the 2026/27 gap, this reserve does have a sufficient balance to fund the gap currently forecast for 2027/28 but this would only be called upon if other mitigations are not successful or take longer to deliver. The use of reserves to balance the budget gap is not a sustainable position and so urgent attention will need to be given to identifying further savings or income generation opportunities that can be delivered from 2027/28 onwards.

Savings and Transformation

77. Although the provisional settlement includes some additional grant funding, the Council continues to face significant shortfalls in funding and it is clear that significant additional savings will still be required on top of the £48m that have been identified, £23m of which are to be made in 2026/27.
78. This is a challenging task, especially given that savings of £290m have already been delivered over the last sixteen years. This was initially driven by the real terms reduction in Government grants, which is in excess of £100m since 2010. In recent years, service demand pressures have become the main driver.
79. The identified savings are shown in Appendix C. The main proposed four-year savings are:
- Children and Family Services (£20.3m). This includes savings of £16.7m from smarter commissioning, procurement and demand management, £1.5m from the innovation partnership and £0.9m from reduced care costs through growth of internal family-based placements.
 - Adults and Communities (£16.6m). This includes £5.0m from increased Better Care Fund income, £4.6m from prevention reviews and £4.4m from Efficiency Review savings.
 - Environment and Transport (£6.9m). Savings include £4.8m from the assisted transport programme, £0.8m from contract procurement efficiencies and £0.7m from food waste implementation.
 - Chief Executive's Department (£0.6m). This includes savings from reviews of several service areas and additional income.
 - Corporate Resources (£4.0m). This includes savings of £1.6m on a review of the Minimum Revenue Provision, £0.9m from ICT efficiencies and £0.6m

from the ways of working office programme and £0.4m from the customer and digital programme.

80. The £48m identified savings can be grouped into four main types:
 - a) Service re-design and delivery (£19m)
 - b) Better commissioning and procurement (£21m)
 - c) Other (£1m)
 - d) Additional income (£7m)
81. The savings include £4.5m of initial financial benefits arising from the Efficiency Review. This is made up of £4.4m for reablement in Adult Social Care and £0.1m of additional income from changes to Fees and Charges.
82. Further savings or additional funding will be required to close the budget shortfall of £36m in 2027/28 rising to £85m in 2029/30.
83. To help bridge the gap several initiatives are being investigated to generate further savings. This work was already underway as part of the Council's strategy to address the MTFS gap, and does not include the main findings from the Efficiency Review, which is discussed in more detail below. Outlines of the proposals have been included as Appendix D, Savings under Development. Once business cases have been completed and appropriate consultation and assessment processes undertaken, savings will be confirmed and included in a future MTFS. This is not a definitive list of all potential savings over the next four years, just the current ideas and is expected to be shaped significantly as the Efficiency Review progresses.
84. The MTFS also includes an integrated programme of strategic actions to reduce the High Needs deficit by reducing costs through increasing local provision of places, practice improvements and demand reduction initiatives. The aim of the programme is to ensure that the expenditure can be contained within the allocation through the Dedicated Schools Grant. Savings of £66.1m are planned over the MTFS period.
85. Despite these savings, the High Needs Block deficit continues to grow and is a significant concern. Whilst the government has confirmed its intention to take over responsibility for funding High Needs spend from April 2028, no details on any plans to fund the historic deficit have been announced. Further details are provided in the Dedicated Schools Grants section of the report below.

Future Financial Sustainability

86. To address the financial challenge that the Council faces, the Council commissioned Newton Consulting to undertake an external Efficiency Review to identify opportunities to reduce costs or increase income. The review commenced in December, and is making good progress with the latest identified savings included in the MTFS position presented in this report. The Council is acutely aware that long term reliance on reserves is not viable and that it must continue to embrace transformational change, opportunities to generate income,

and a focus on efficiency to safeguard essential services for residents and communities.

87. Key elements of the review include:

- Reviewing all Council activities for cost reduction, service redesign, and income generation (excluding commercial ventures).
- Assessing existing MTFS projects and savings ideas to prioritise or redesign them, identify where savings targets could be stretched or accelerated.
- Strengthening governance, data management and resource mobilisation within the current Transformation Strategy.
- Reviewing the County Council's approach to delivering change to ensure well placed to support implementation and future Council change initiatives.

88. From initial diagnostic work, Newton have identified themes and opportunities with the greatest potential for financial savings and impact on service efficiency and will now progress these to benefit proposals which will set out the operational impact on residents, the quantified financial opportunity profiled over the MTFS and the actions needed to deliver the savings.

89. From the initial phase of work, 6 directorate level opportunities have been identified which focus on demand management and enabling residents to be as independent as possible. These opportunities cover a range of Adult Social Care, and Children and Family Services – increasing family-based placements and supporting more residents outside of residential care for example.

90. Alongside the directorate specific opportunities, six cross-directorate themes have been identified, representing more fundamental system and service transformation. These are summarised below and further information is shown at Appendix R:

Theme	Description
Targeted and effective Prevention	• Looking at demand drivers to the front door for the Council, particularly for Adult Social Care, and identifying what proportion of these are preventable with appropriate intervention. • Early intervention for Children and Young People (CYP) to keep families together. • Maximise the impact of Public Health grants
Commissioning for the Future	• Ways to manage and mitigate external provider costs • Growing the Council's provision and managing the market in a different way
Procurement and Third Party spend	• Review third party spend across the Council to consolidate suppliers. • Category and Contract Management
Maximising income	• Uplifts to fees and charges, especially where charges are currently lower than others.

	• Introduce new charges where opportunities exist e.g. Network Management. • Maximise returns on commercial assets.
Council Operating Model and workforce capacity	• Consolidation and digital support to 'front door' customer contact. • Review staffing and management structures across the Council. • Using AI and technology to support staff, using benchmarks and best practice to test how efficiently the Council is using resources. • Reduction in agency spend across the Council. •
Having the best assets and estates for the future	• Right sizing of property estate to ensure effective use of space. • Maximise commercial income from commercial assets

91. A strong theme of the review has been to improve residents outcomes where possible, alongside maximising efficiency and cost saving opportunities. The demand management and prevention themes give the greatest potential for improving outcomes and service quality. The review is also being done in the context of wider reform to the sector, particularly social care, and will help inform how the Council can prepare for this.
92. The review stage of work was focused on any immediate opportunity to accelerate existing MTFS savings. At this stage a total of £4.5m has been included in the proposed MTFS arising from the Efficiency Review. This is made up of £4.4m for reablement in Adult Social Care and £0.1m of additional income from changes to fees and charges including country parks parking fees and monitoring fees of section 106 obligations funded by developers. The reablement saving in Adult Social Care relates to increasing the capacity of the HART service and therefore the number of residents accessing reablement. This will increase independence for residents and reduce their need for ongoing commissioned care. The initial saving included in the draft MTFS in December of £1m is now forecast to increase by £3.4m by 2029/30, building on an existing saving in this area of £1.9m.
93. The County Council is taking decisive action to close the budget gap and build a financially resilient organisation. The review is due to conclude in March and will result in a revised Transformation Programme underpinned by strong governance and innovation to accelerate delivery and embed new ways of working ongoing.
94. The revised Transformation Programme will be presented to the Cabinet for approval at the conclusion of the review. The Scrutiny Commission will also receive an update. At that stage a decision will also be made on how to implement the recommendations arising from the review and any external support needed under phase 2 of the current contract. There will need to be a renewed focus on these programmes during the next few months to ensure that savings are identified and delivered to support the MTFS budget gaps. Given the

scale of the financial challenge, focus will be needed to prioritise resources on the change initiatives that will have the greatest impact, and work is already underway to do this.

Growth

95. Over the period of the MTFS, growth of £127.3m is required to meet demand and service pressures with £46.3m required in 2026/27. The main elements of growth are:
 - Children and Family Services (£58.3m). This is mainly due to £47.9m for pressures on the Social Care placements budget arising from increased numbers of Looked After Children, £4.5m for unaccompanied asylum seeking children, from increased demand and cost pressures and £2.4m for the Disabled Children Service.
 - Adult Social Care (£29.7m). This is largely the result of an ageing population with increasing care needs and increasing numbers of people with learning disabilities and mental health issues. There is also growth of £3.7m for the CQC Improvement Plan.
 - Environment and Transport (£21.3m). This mainly relates to increased service user numbers and costs for Special Educational Needs (SEN) transport (£13.3m) and the anticipated costs of the introduction of an emissions trading scheme required by the Government (£6.0m).
 - Chief Executive's (£0.3m) for increased childcare legal cases (£0.2m) and subscriptions to the Local Government Association (LGA) and the County Councils Network (CCN) (£0.1m).
 - Corporate Resources (£1.0m) for Commercial Services (£0.7m) and ICT cyber security (£0.3m).
 - Corporate Growth (£16.7m). This has been included to act as a contingency for potential further cost pressures in the later years of the MTFS. The amount has been set based upon historic levels of growth incurred. The contingency reflects that it is not possible to specifically identify all of the growth before the first year of a four-year MTFS.
96. Details of proposed growth to meet spending pressures are shown in Appendix C.
97. In addition, in response to the Council motion in December, a one-off allocation of £0.1m has been provided for in the inflation contingency to develop the Flood Wardens service offer, create 5 pilot sites, and work with resilience team on model to set up on a permanent basis. This will allow the on-going operational costs to be determined and transfer of resource between teams. Temporary funding through the inflation contingency will need to be managed in-year for 2026/27 before being formalised in on-going budgets for future years.
98. Recognising the growing impact of flooding £0.05m has been earmarked to identify way to improve the approach to preventing and reacting to flooding incidents in Leicestershire. This will include engaging with partner agencies and local stakeholders to ensure our individual and collective contributions are maximised.

Charnwood Geopark

99. As a key partner and champion of the Charnwood Forest Regional Park, and following its selection to be the UK's submission to UNESCO for Geopark status, a provision for the Council's share of the cost (being £37,500 per year over four years from 2027/28) has been made within the 2026-30 MTFS funded from earmarked reserves. The achievement of UNESCO Geopark status has the potential to increase economic activity in Leicestershire as a result of the expected increase in visitors and tourism, as well as the ability of local businesses to promote their connections to the Geopark by becoming a Geopartner. A decision on the success of the bid is expected April 2027.

Inflation

100. The Government's preferred measure of inflation is the CPI. In December 2025 this was 3.4%. The Office for Budget Responsibility (OBR) expects inflation to fall to 2.6% in 2026 and then decrease to 2.0% in 2027, and to remain at 2.0% until 2030.
101. However, the Council's cost base does not always reflect CPI. Energy and fuel increases, for example, have a much more significant impact. The draft MTFS therefore assumes 3% per annum in each year.
102. The impact of the National Living Wage (NLW), set out earlier in the report, is particularly significant. In recent years social care costs have been driven up by its continued increases, for which an additional provision has been made. The NLW also has a significant impact on the Council's pay costs.
103. The main local government pay awards in 2025/26 have been based on a standard increase of 3.2% across the whole of the pay scale. The MTFS provides for an estimated average annual pay award increase of 3.5% in 2026/27 and later years. This allowance will also need to cover any impacts of the Employment Rights Act.
104. The Trade Unions have submitted a claim for 2026/27 of the greater of £3,000 or 10% on each pay point. This would increase pay costs by circa 10.5%, around 200% higher than the 3.5% assumed in the MTFS. The National Employers' offer is unlikely to be known before the Cabinet considers this report.
105. The Leicestershire Local Government Pension Scheme (LGPS) has undertaken a triennial actuarial assessment which will set rates from 2026/27. The improved funding position of the fund has enabled a 6% reduction in the level of the Council's contribution rate to be budgeted for, which will reduce the net costs over services by circa £9.2m.
106. Detailed service budgets for 2026/27 are compiled on the basis of no pay or price increases. A central contingency for inflation is to be held, which will be allocated to services as necessary.

Central Items

107. Capital financing costs are budgeted at £12.4m in 2026/27, reduced from £14.8m in the original 2025/26 budget mainly due to debt interest savings following the early repayment of £29m of external debt principal in September 2025. Financing costs are expected to then rise to £12.5m in 2027/28, £12.7m in 2028/29 and £13.4m in 2029/30, as a result of the increasing financing requirement for the capital programme.
108. Interest income relating to Treasury Management investments is budgeted at £11.0m in 2026/27 and is estimated to reduce to £7m in 2027/28, £4m in 2028/29 and £2.0m in 2029/30, as balances are reduced to fund internal borrowing for the capital programme and interest rates are expected to fall. Whilst the Council has benefitted, and continues to benefit, from high interest rates, this will reduce in later years of the MTFS.

Health and Social Care Integration

Better Care Fund (BCF)

109. Health and Social Care Integration continues to be a national government priority. Developing effective ways to co-ordinate care and integrate services around the person and provide more of this care in community settings are seen nationally and locally as key to improving outcomes and ensuring high quality and sustainable services for the future.
110. The Council has received funding from the NHS through the Better Care Fund (BCF) since 2015/16 in line with levels determined by Government. The BCF's purpose is to help the Council finance the delivery and transformation of integrated health and care services to the residents of Leicestershire, in conjunction with NHS partners.
111. The BCF policy framework and planning requirements are refreshed regularly and may cover one year or a number of years. The Department of Health and Social Care (DHSC) and MHCLG published a one year framework for the implementation of the BCF in 2025/26 on 31 January 2025. The framework for 2026/27 has not yet been published.
112. The four national conditions set by the Government in the BCF policy framework for 2025/26 are:
- Plans to be jointly agreed
 - Implementing the objectives of the BCF
 - Complying with grant and funding conditions, including maintaining the NHS minimum contribution to adult social care (ASC)
 - Complying with oversight and support processes
113. The Better Care Grant was introduced in 2025/26 as a combined grant replacing both the Improved Better Care Grant and the ASC Discharge Fund Grant. The grant conditions require that the funding is used for:

- meeting adult social care needs;
- supporting people to be discharged from hospital when they are ready (including supporting the principles of 'Discharge to Assess');
- ensuring that the social care provider market is supported.

114. The value of BCF funding for Leicestershire in 2026/27 is shown in the table below. The NHS minimum contributions for 2026-27 and an indicative position for 2027-28 were published on 17 November.

115. The Better Care Grant has been included in the table at 2025/26 values as the funding for 2026/27 has not yet been announced.

	2026/27 £m	
NHS Minimum Allocation	59.0	Level mandated by NHS England
Better Care Grant	21.8	Allocated to local authorities, specifically to meet social care need and assist with alleviating pressures on the NHS, with emphasis on improving hospital discharge, and stabilising the social care provider market.
Disabled Facilities Grant	5.5	Passed to district councils
Total BCF Plan	86.3	

116. In 2026/27, £24m of the NHS minimum allocation into the BCF will be used to sustain adult social care services. The national conditions of the BCF require a certain level of expenditure to be allocated for this purpose. This funding has been crucial in ensuring the Council can maintain a balanced budget, while ensuring that some of its most vulnerable users are protected; unnecessary hospital admissions are avoided; and the good performance on delayed transfers of care from hospital is maintained.

117. In addition to the required level of funding for sustaining social care service provision, in 2026/27 a further £9m of Leicestershire's BCF funding has been allocated for social care commissioned services. These services are aimed at improving carers' health and wellbeing, safeguarding, mental health discharge, dementia support and crisis response.

118. The balance of the NHS Minimum Allocation £26m is allocated for NHS commissioned out-of-hospital services. The County Council commissions community care services on behalf of the NHS through shared care and joint funding arrangements. The Council is reviewing these arrangements alongside the provision of Continuing Health Care and Funded Nursing care to ensure residents are receiving optimal care and it is funded appropriately.

119. Any reduction in the funding for social care from the BCF would place additional pressure on the Council's MTFs, and without this funding there is a real risk that the Council would not be able to manage demand or take forward the wider integration agenda.

Other Grants and Funds

120. There are a number of other specific grants included in the MTFS. The main grants are shown below:

- Public Health – £33.1m
- Local Authority Better Care Grant - £21.8m
- Asylum Seekers – estimated £11m
- Bus Service Improvement Plans -£9.1m
- Families First Partnership -£6.6m
- Extended Producer Responsibility -£5.9m
- Pupil Premium – estimated £5.4m
- Universal Infant Free School Meals – estimated £2.3m
- Music Education Hubs Grants – £1.5m
- Domestic Abuse Safe Accommodation - £1.5m
- PE and Sports – estimated £1.1m

121. It should be noted that the Crisis and Resilience Fund is £1m lower than the Household Support Fund that it replaced. A revised offer, reflecting Government's new criteria will need to be developed.

Dedicated Schools Grant Settlement 2026/27

Schools Block

122. School funding continues to be delivered through the National Funding Formula (NFF), which applies nationally consistent funding rates for all pupils, irrespective of the local authority in which they are educated. Within the NFF, only the basic per-pupil entitlement is universal; all other elements reflect additional needs such as deprivation, low prior attainment (LPA), English as an additional language, and mobility. Nationally in 2026/27, 74.3% of NFF funding is allocated through the basic entitlement, 18.1% through additional needs, and 6.4% through school-led factors.

123. For 2026/27, there are no structural changes to the NFF. However, the DfE has rolled the Schools Budget Support Grant (SBSG) and National Insurance Contributions (NICs) Grant into the NFF. These have been incorporated through uplifts to the basic entitlement, free school meals (FSM), lump sum, Minimum Per-Pupil Levels, and each school's baseline for the funding floor. A further 2.11% increase has been applied to most pupil-led and school-led factors, with the FSM factor increasing by 1.66%. Local authorities are required to move their local funding formulae at least 10% closer to the NFF compared with 2025/26, unless they already fully mirror the national formula. Local authorities must operate a Minimum Funding Guarantee (MFG) between 0% and 0.5%, in line with the national funding floor, which is set at 0%, ensuring no school receives a reduction in its per-pupil funding compared to 2025/26 once rolled-in grants are accounted for. This has required Leicestershire to seek permission to continue to fund rental costs in some small schools. With these exceptions, assuming approval from the DfE, the Leicestershire funding formula remains fully in accordance with the NFF.

124. In November 2025, the Cabinet decided not to approve a transfer of funding from the Schools Block to the High Needs Block of the Dedicated Schools Grant (DSG). Instead it agreed to explore a per-pupil contribution from schools to support pupil outreach support and seek a financial commitment from schools to supporting ongoing mainstream inclusion.
125. The December 2025 allocation is £583.9m based on updated October 2025 census information. This is an increase of 4% from the latest 2025/26 allocation.
126. Whilst the NFF for schools is based upon the 2025 school census, funding for local authorities is based upon the pupil characteristics recorded in the 2024 school census. An increase in the number of pupils eligible within the NFF for Free School Meals (FSM) and Low Prior Attainment (LPA) has resulted in an affordability gap of £1.99m. Whilst this is not the first instance of an affordability gap in Leicestershire, many authorities regionally and nationally have had, and continue to be in this position. In order to close that gap and ensure that the funding formula is fully delivered within the grant available it has been necessary to enact the DfE's mechanism of capping and scaling school level increases, and this has required a cap of 2.77% scaled by 50%.
127. Minimum per-pupil levels have increased due to the rolled-in grants and are set at £5,115 for primary and £6,640 for secondary pupils. These levels are mandatory for all local funding formulae. As the funding floor and MFG protection operate at a per-pupil level, schools experiencing reductions in pupil numbers will see corresponding decreases in overall budget allocations.
128. Additionally, the Government has confirmed that free school meal entitlement will expand to all children in households receiving Universal Credit from September 2026. This expansion will be funded through a separate grant, not through the DSG or NFF in 2026/27, and further details will be published by the DfE in due course.

Central Services Block

129. The central services block funds a number of school-related expenditure items such as existing school-based premature retirement costs, copyright licences under a national DfE contract for all schools and other historic costs. For 2026/27, the central schools block will incorporate the SBSG and NICs grant elements relating to centrally employed staff. The provisional Settlement is £4.8m for 2026/27.
130. The annual 20% reduction to historic commitments continues in 2026/27. Reductions will now be applied against the 2025/26 baseline rather than the immediately preceding year. Protections remain in place for pre-2013 termination of employment costs. The DfE expects that, subject to further review, only residual protected elements will remain by 2030.

Early Years Block

131. The entitlement to Early Years Education for 2026/27 is;

- (a) 30 hours for eligible working parents for children aged 9 months to 2 years. (this has been extended from 15 hours from September 2025)
- (b) 15 hours for 2 years olds for families requiring additional support, this was formally disadvantaged 2-year-olds.
- (c) Universal offer of 15 hours for 3- and 4-year-olds.
- (d) An additional 15 hours extended entitlement for working parents for 3- and 4-year-olds.

132. The Early Years DSG settlement is estimated to be £128.6m and based on funding rates of £6.20 per hour for the 3 – 4-year-olds, £7.90 for 2-year-olds and £10.67 for under 2's. Local authorities are required to pass through 97% of the settlement to providers, the remaining 3% meeting the cost of the Early Learning and Childcare service. Work is underway within the service to enable the local authority to calculate and notify providers of their funding rates no later than 28 February 2026. A delegation to the Director of Children and Family Services following consultation with the Cabinet Lead Member is recommended to set the rates for 2026/27.

High Needs

133. The High Needs Block allocation is estimated to be £124m in 2026/27. Confirmation of the 2026/27 grant is not expected until March / April 2026. For financial year 2026/27 the DfE announced it was temporarily suspending the high needs national funding formula (NFF), which in previous years has been used to calculate local authorities' high needs allocations. Instead, local authorities' allocations will be based on their 2025 to 2026 allocations, with some adjustments - including the annualisation of historic grant funding. Whilst it is challenging to compare the 2026/27 allocation with 2025/26 on an exact like-for-like basis due to the change in funding methodology, the 2026/27 allocation reflects a net real-term increase of 1.2% in funding, compared to an assumed 3% increase which had been assumed for financial planning, which adds an additional financial burden for the following financial year. Following wider reforms to the SEND system, which the government will set out in early 2026, the DfE will review the methodology for allocating high needs funding for future years so that it supports the SEND reforms.
134. On the basis that high needs funding allocations for 2025/26 are significantly below projected spend levels, and with the 2025/26 allocation being used to calculate 2026/27 allocations, it is expected that the current unsustainable financial position will continue into 2026/27, pending any further updates to funding linked to SEND reform announcements anticipated early in 2026.
135. At the end of 2024/25 the accumulated High Needs deficit stood at £64.4m and is now projected to rise to £111.9m at the end of 2025/26. If future demand remained on a similar trajectory to 2025/26, the cumulative DSG deficit could increase to around £462.5m by March 2030, as shown in the projection below (although projections/supporting mitigations will require refreshing early into 2026 aligned with outputs and impact of any announcement around SEND reforms and projections of current demand):

	2026/27 £,000	2027/28 £,000	2028/29 £,000	2029/30 £,000
Grant Income	-124,684	-126,202	-127,838	-129,604
Total Expenditure	212,564	238,001	269,089	303,787
Total Savings	-15,363	-33,403	-49,634	-66,146
Annual Revenue Funding Gap	72,517	78,396	91,617	108,036
2019/20 High Needs Deficit	7,062			
2020/21 High Needs Deficit	10,423			
2021/22 High Needs Deficit	11,365			
2022/23 High Needs Deficit	6,683			
2023/24 High Needs Deficit	5,650			
2024/25 High Needs Deficit	23,215			
2025/26 High Needs Deficit forecast	47,482			
Cumulative High Needs Funding Gap	184,397	262,793	354,410	462,446

136. Although it had been stated that from 2028/29 the Government will absorb SEND costs, it has not specified how this will be achieved and how it will be funded. Government has subsequently qualified that support may not be for all costs and could be conditional. This may mean that local authorities would not build up further DSG deficits from 2028/29, but government have not identified any additional funding from 2028/29 within the Spending Review plans. At the point of the Statutory Override ending at 31 March 2028, based on current policy, local authorities would then be required to recognise the historic DSG deficits, which are expected to reach £14bn nationally, on their balance sheets. This would be very likely to result in many local authorities issuing Section 114 notices – effectively declaring that they are unable to set a balanced budget. The Government has not set out how it will address this issue other than to state that support to deal with SEND deficits will not be unlimited. Plans to support Councils with historic and accruing deficits and conditions for accessing such support is expected alongside the final settlement. The Council can only set its budget and MTFS on what it knows and so the current strategy of making some provision for SEND deficits has continued through the MTFS.
137. With the High Needs Block continuing to face significant financial pressures, with allocations falling well below projected demand, to mitigate this, a whole-system approach is being implemented through six key actions: strengthening early intervention and mainstream inclusion, applying robust EHCP gatekeeping and reviews, expanding local specialist provision, reducing early years specialist placements, and improving commissioning and demand management. These measures aim to slow cost growth and improve sustainability, but given the scale of demand, the financial position remains challenging and will require ongoing review alongside national reform developments
138. Despite current and planned mitigations, the levels of projected growth mean that the financial position is unsustainable, and whilst the transfer of responsibility to government from 2028/29 is welcome, the historic deficit still presents a huge challenge and impacts the Council's General Fund in other ways, such as loss of

investment income from cash-flowing the deficit. As such it is essential that the planned measures to contain ongoing growth are successful. Further mitigations and actions are actively considered to reduce the projected financial burden on the DSG High Needs funding block. This work is currently underway, and its impact will be reflected as part of the wider MTFS planning work over the coming months.

139. In developing additional mitigations, consideration is being given to aligning actions to anticipated changes in the Schools White Paper. Whilst the actual content of this paper is unknown, through the work the authority is undertaking for the DfE as part of the Change Programme Partnership, the Council is aware there will be a key focus on 'mainstream inclusion'. This will include working with all mainstream schools to ensure there is a much stronger emphasis on children and young people with complex and significant needs attending their local mainstream school wherever possible. To deliver this new approach, it will require the full co-operation of school leaders and their close partnership working with the Council and each other.

Adequacy of Earmarked Reserves and Robustness of Estimates

140. The Local Government Act 2003 requires the Director of Corporate Resources to report on the adequacy of reserves, and the robustness of the estimates included in the budget.
141. When setting the MTFS prudent and realistic estimates have been used for core assumptions. The following table provides a summary of the impact of changes to those key assumptions:

Impact of (+ or -)	Like-lihood	Equates to (+ or -)
1% Council Tax	Low	£4.2m
1% Business Rates growth	Medium	£0.6m
1% Pay award (excludes staff funded from specific grant (e.g. Dedicated Schools Grant, Public Health etc.)	Medium	£2.2m
1% Non-pay budget (excludes ASC contract inflation)	Medium	£1.6m
1% ASC demand growth	Medium	£2.2m

142. The financial environment continues to be challenging with a number of known major risks over the next few years. These include:

Risk Area	Commentary	Mitigation/Provision	RAG
Inflation	High inflation persisting for longer than expected leading to increased costs and continuation of Cost of Living crisis.	Inflation allowance within the budget and MTFS	Amber
Non achievement of savings and income targets	The requirement for savings and additional income totals £199m over the next four years of which £85m is unidentified	Strong governance in place to maximise savings delivery and early identification of any slippage. MTFS risks contingency	Amber

		and budget equalisation reserve in place	
SEND spend in excess of grant	A cumulative deficit in excess of £400m is anticipated by the end of 2029/30. Expenditure each year is expected to be between £73m and £108m more than high needs block funding, despite £66m of savings being targeted.	Statutory override currently in place but significant risk if this ends and no alternative arrangements are put in place by government	Red
National Living Wage and salary increases	Increases in the NLW have been estimated for 3 of the 4 years of the MTFS and pay awards are unknown for any year. Each 1% increase in the NLW increases the Council's cost base by around £2m per annum. Whilst there is some provision for this in the inflation allowance, there is a risk that it may not be sufficient.	Inflation allowance to manage in-year fluctuations	Amber
Local Government Finance Reform and other policy reforms	There are a number of delayed government initiatives which may impact in later years of the MTFS. These include: • Review of SEND reforms • Adult Social Care charging reforms • Children's Social Care reforms	Additional government funding to meet new burdens, MTFS risk contingency, growth contingency.	Amber
Further service demand	Unforeseen service pressures resulting in an overspend, particularly demand-led children's and adult social care.	Balanced growth assumptions in the MTFS, financial controls, MTFS contingencies	Amber
Adult Social Care - Fair Pay Agreement	Risk that Central Government funding is insufficient leaving the shortfall with local government.	Feedback to Government, potential reduced provision of and access to services, MTFS risk contingencies.	Amber
Local Government Reorganisation	A decision is expected from MHCLG in the summer on the preferred LGR option for LLR, the outcome of which is likely to lead to significant resource requirements over the short to medium term.	The Council's strong balance sheet will facilitate the ability to finance any early implementation costs	Amber

143. No budget can ever be completely free from risk. Necessarily, assumptions are made which means that the budget will always have an amount of uncertainty. However, these assumptions are based on the best available evidence with sensitivity analysis undertaken where appropriate.

144. There are a number of ways that risks will be mitigated and reduced which are highlighted above and explained further below:

- General Fund
- MTFS contingencies
- Earmarked reserves
- Effective risk management arrangements.

General Fund

145. The General Fund balance is available for unforeseen risks that require short term funding. The forecast balance on the General Fund (non-earmarked fund) at the end of 2025/26 is £26m which represents 4.2% of the 2026/27 net budget (excluding schools' delegated budgets), this is a relatively low level compared to similar authorities. It is planned to increase the General Fund to £30m by the end of 2029/30 to reflect increasing uncertainty and risks over the medium term, and to avoid a reduction in the percentage of the net budget covered. These risks come in a variety of forms:

- Legal challenges such as judicial reviews that may result in a change in savings approach.
- Regulatory issues that come with a financial penalty, for example General Data Protection Regulations (GDPR).
- Service provision issues that require investment, for example the capital investment to support the High Needs Block Development Plan.
- Variability in income, particularly from asset investments.
- High levels of inflation.
- Government solution for SEND reform and funding of deficits not being sufficient

146. To put the level of resources into context, with the exclusion of schools, the County Council spends around £75m a month.

147. The proposed MTFS also includes a contingency of £8m each year for other specific key risks that could affect the financial position on an ongoing basis. Examples include:

- The non-achievement of savings.
- Uncertainty of partner funding, for example the provision of services through the BCF.
- Pressure on demand-led budgets particularly in social care and high needs.
- Maintaining the level of investment required to deliver savings.
- New service pressures that arise.
- No discretionary growth provided for.
- Risks around commercial services.
- Other one-off pressures.

148. If the contingency is not required resources will be directed to reducing the revenue gaps in later years.

Earmarked Reserves

149. The estimated balance for revenue earmarked reserves as at 31 March 2026 is £171m. This is set out in detail in Appendix K to this report. The final level of earmarked reserves will be subject to the current year budget outcome.

150. Earmarked reserves and balances are held for specific purposes in line with the Council's Earmarked Reserves Policy attached as Appendix J. The main earmarked reserves and balances projected at 31 March 2026 are:

- (a) Capital Financing and Improvement Projects (£91m). Holds MTFS revenue contributions for the capital programme or one-off projects.
- (b) Budget Equalisation (£113m). This reserve is held to manage variations in funding across financial years including MTFS funding gaps. It also includes funding towards the increasing pressures on the High Needs element of the DSG which was in deficit by £64m as at 31 March 2025 and is forecast to increase to in excess of £400m by the end of 2029/30. The temporary statutory override on the DSG is currently to the end of March 2028. The reserve can be used to fund spend to save initiatives.
- (c) Insurance (£17m). Held to meet the cost of future claims not covered by insurance policies.
- (d) Transformation (£8m). Used to invest in transformation projects to achieve efficiency savings and also to fund severance costs.
- (e) Earmarked reserves are held for specific departmental infrastructure, asset renewal, other initiatives and partnership funds (£38m).
- (f) DSG Reserve (-£96m). Forecast deficit balance, which includes the High Needs SEND deficit.

151. The overall forecast position on earmarked reserves shows earmarked reserves potentially being overdrawn by £64m as at 31 March 2028, and higher in later years, due to the increasing forecast DSG deficit. The statutory override, requiring the DSG deficit to be held outside of reserves (in an adjustment account on the balance sheet) currently expires on 31 March 2028. Details are expected from the DfE in early 2026 with regards to SEND Reforms and how Council's will be supported to manage DSG deficits. More details may also come in the final Local Government Finance Settlement.

152. The level of earmarked reserves and balances is monitored regularly throughout the year. Where funds have been identified that are no longer required transfers have been made. Assessments are undertaken during the summer, in February as part of the MTFS and at year end.

School Balances

153. Balances are also held by schools. They are held for two main reasons: firstly, as a contingency against financial risks and secondly, to meet planned commitments in future years. The balance at 31 March 2025 was £0.7m. The balance at 31 March 2026 has not been estimated but is expected to have reduced as a result of spending pressure. It is also affected by the number of schools converting to Academies.

Risk Management

154. The Council's risk management policy statement and strategy, and insurance policy are reviewed annually and are included as Appendix I and L respectively. The policies were considered and noted by the Corporate Governance Committee on 23 January 2026.

Robustness of Estimates and Adequacy of Reserves

155. The Director of Corporate Resources provides detailed guidance notes for departments to follow when producing their budgets. As well as setting out certain assumptions such as inflation, these notes set a framework for the effective review and compilation of budget estimates. As a result, all estimates have been reviewed by appropriate staff in departments. In addition, each departments' Strategic Finance Manager has identified the main risk areas in their budget and these have been evaluated by the Director of Corporate Resources. The main risks are described earlier in the report.
156. All savings included in the MTFS have had an initial deliverability assessment so that a realistic financial plan can be presented. Saving initiatives that are at an early stage of development, or require further work to confirm deliverability, have not been included in the MTFS, but are reported for information as savings under development. The initial savings included from the Efficiency Review are supported by a benefits proposal setting out assumptions, evidence and risks. No further savings targets from the Efficiency Review have been included, pending completion of the review and assurance that benefit proposals are robust and deliverable.
157. The Cabinet and the Scrutiny Commission receive regular revenue and capital monitoring reports, budget and outturn reports. In addition, further financial governance reports, including those from the External Auditor are considered by the Corporate Governance Committee. This comprehensive reporting framework enables members to satisfy themselves about both the financial management and standing of the County Council.
158. Having taken account of the overall control framework, budget provisions included to support the delivery of transformation, growth to reflect spending pressures, the inclusion of a contingency for MTFS risks and the earmarked reserves and balances of the County Council, assurance can be given that the estimates are considered to be robust and the earmarked reserves are adequate in the short term. If the specifically earmarked reserves are not adequate the County Council has flexibility in its approach to funding the capital programme to provide further assurance. Although this would be detrimental to the long term sustainability of the council. However it should be noted that there remains a considerable financial risk in relation to the Council's High Needs Deficit and at the time of writing the report no further information has been released by the government on plans to manage the historic and ongoing SEND deficits. The MTFS has been prepared on the basis of the current trajectory of demand across all years, and continuation of the current strategy to make a partial provision against the deficit.
159. By March 2026, the Council is forecast to hold approximately £110m of debt arising from historic unfunded expenditure on SEND. This represents the Council's most significant financial risk and is becoming unaffordable as the deficit grows. The ability to present a balanced budget is currently dependent on the statutory override, a temporary measure that takes precedence over standard accounting rules. This override allows SEND deficits to be excluded

from the Council's balance sheet; however, it does not resolve the underlying funding gap or reduce the accumulated deficits. Despite efforts to manage demand and costs - including participation in the Department for Education's Delivering Better Value programmes - the SEND deficit continues to grow, and this is a trend seen nationally. Current projections indicate a cumulative deficit of approximately £14bn by March 2028, when the statutory override is scheduled to end.

160. By this point, the County Council's cumulative deficit will stand at £265m based on current forecast, which will exceed all available earmarked reserves.. Therefore, whilst the current budget and MTFS has been based on the best information available and an assessment of risk, the future sustainability of the Council does rely on the government setting out plans for managing both the historic SEND deficit and future funding of the SEND service. Even if responsibility for funding SEND transfers to government from 2028/29, other dependencies will remain with the Council which have financial implications e.g. SEN assessment and SEND transport services will remain a Council General Fund responsibility.
161. The aim is to balance the budget without the use of reserves, so that on-going services are funded by income that is also expected to be on-going. It has become common place across Local Government that this is not possible. If reserves are required to ensure that there is sufficient time for remediation plans to be enacted the Council's previous strategy has been for the budget equalisation reserve to support the first two years of financial gaps in the MTFS but based on current projections it is only sufficient to support 2026/27 and 2027/28 in part. There is still a £18m gap for 2026/27 and £85m by 2029/30, based on a 2.99% Council Tax increase each year. Therefore, taking the maximum Council Tax increase of 4.99% in each year of the MTFS is the financially prudent course of action. This will help to ensure that the Council remains robust and financially resilient and maximises locally generated resources. This is particularly important as it is a far more stable and certain than other types of funding, such as government grant and business rates. The Council continues to experience escalating demand for services as well as inflationary cost pressures, which government funding is not keeping pace with.
162. Adopting a 5% increase will raise £8.5m more funding than the current budget assumption and would reduce the gap to £10m. The current budget projections in this report will require the use of £18m of reserves to be used to be able to recommend a balanced budget to Council. Whilst use of reserves can be a useful short-term strategy, the Council's MTFS cannot rely on reserves to balance the budget in the medium to longer term.
163. The overall financial position remains challenging and the focus needs to be on both delivering savings and managing demand, which the Efficiency Review will support. Delivery of the revised Transformation Programme which will arise from the review will need to be a key priority. The Efficiency Review has the potential to have a significant positive impact on the MTFS. The nature of the review is to maximise the potential for savings across a wide range of areas. Due to the high level of ambition it is likely that the benefit for 2026/27 will be limited due to the time for improvement to be implemented.

164. Alongside the Efficiency Review it is important that other disciplines to manage the short fall are maintained, namely:

- Prioritise reduction of the deficit over discretionary services if the financial position improves
- Look to minimise borrowing through continued restrictions on the capital expenditure and maximisation of capital receipts

Concluding Comments – Revenue Position

165. The draft MTFS is balanced in 2026/27, but only by using £18.1m of one-off reserves. There is then a financial gap of £36m in 2027/28 rising to £85m by 2029/30.

166. The Council has used a small level of reserves when setting the budget for the last two financial years, although the outturn position for 2024/25 had improved to a position where reserves were then not needed. Reliance on reserves long term is not sustainable, and the budget equalisation reserve is not at a sufficient level to fully fund the gap beyond 2026/27 and so focused action and financially prudent decisions must be taken. If sufficient reserves are not available additional borrowing for the Capital Programme is likely to be the next short term mitigation, although this would have a greater long term financial detriment. The level of Council Tax increase will be a key consideration when assessing final budget proposals for 2026/27 and it must be viewed as a long term decision rather than one year in isolation.

167. Whilst the Spending Review and Fair Funding proposals have improved the Council's funding position compared to the previous MTFS estimates, looks likely to remain one of the lowest funded county areas in the country, which makes the financial challenge even harder. Core Spending Power per head for Leicestershire for 2026/27 is £1,078, which is 19% below the national average of £1,333 per head.

168. The Council continues to face huge social care demand, and is also seeing increased complexity in the type of care that is required which is further increasing costs. The Efficiency Review will focus on demand management and prevention to help stem these costs and improve outcomes for residents, but reforms are also needed, particularly in Children's Social Care and SEND.

169. Successful delivery of savings is dependent upon a range of factors, not all of which are in the control of the County Council. All savings included in the MTFS have had an initial deliverability assessment so that a realistic financial plan can be presented. With 2026/27 not forecast to be balanced there is less time to generate new savings and a lower margin of error on delivery. Identifying new savings will be a key activity a task made harder by the reduced options available.

170. Maintained schools and academies are under significant financial pressure; this could affect the County Council through its statutory responsibilities relating to education, for example to ensure the provision of sufficient school places.

171. The growing deficit on the high needs budget/DSG reserve, to potentially £460m by the end of the MTFS period, is a major concern and whilst the transfer of responsibility to fund SEND to government from April 2028 is welcome, there is no clarity on how the historic deficit will be funded.
172. Despite continuing to be a high performing authority, it is inevitable that the constantly tightening financial position alongside dealing with significantly increasing demand will have an impact on the Council's services.
173. The delivery of this MTFS rests on several factors:
- Dealing with the continued increase in demand for services and the cost of delivering them
 - The absolute need to deliver the savings in the MTFS and to identify and deliver further savings
 - Prioritising closure of the financial gap above discretionary spending
 - The need to have very tight cost control, especially over demand-led budgets, such as social care and special education needs.
 - Management of the capital programme expenditure and capital receipts
 - The need to manage other risks that could affect the Authority's financial position and clarity from the government on plans to manage SEND deficits.
 - To retain sufficient reserves to manage the risks that the Council faces and to provide enabling funds for the implementation of recommendations from the Efficiency Review

Treasury Management Strategy Statement

174. The Treasury Management Strategy Statement, which includes the minimum revenue provision (MRP) statement and annual investment strategy, must be approved in advance of each financial year by the County Council. Appendix N to this report sets out the Treasury Management Strategy Statement for 2026/27.
175. The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice. The Council is required to approve an annual MRP statement and set prudential and treasury indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. These are included with the Treasury Management Strategy as Annex 1 and Annex 2.
176. The legislation requires the Council to set its treasury strategy for borrowing and to prepare an annual investment strategy (for treasury management investments). This sets out the Council's policies for managing its treasury management investments and for giving priority to the security and liquidity of those investments. This Strategy should be read in conjunction with the Investing in Leicestershire Programme (IILP) Strategy (Appendix H), which sets out the Council's approach when considering the acquisition of investments for the purposes of inclusion within the IILP, and the Capital Strategy (Appendix G),

which sets out the Council's approach to determining its medium term capital requirements.

Minimum Revenue Provision Review

177. The Local Authorities (Capital Finance and Accounting) Regulations 2003 require local authorities to charge to their revenue account in each financial year a minimum amount to finance capital expenditure. This is referred to as Minimum Revenue Provision (MRP). The Council is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.
178. In 2019/20 the Council reviewed the expenditure that is required under statute relating to a prudent MRP. Based on the average economic remaining life of assets held, the MRP calculation for supported and unsupported borrowing was amended to a period of 40 years, which reduced the MRP charge to around £6m per annum.
179. During 2024/25 the Council has reassessed the MRP policy to assess its continued appropriateness. The review has identified that changes to the existing policy can be made to remain prudent and to more accurately reflect the time value of money through the use of an annuity calculation. This results in a consistent charge to the General Fund for assets over their useful lives. Setting the annuity rate at the Bank of England's Monetary Policy Committee's inflation target rate of 2% is considered appropriate and prudent. MRP will increase by this percentage each year. This reflects the time value of money and can be considered to be fairer on council tax-payers as it produces a consistent charge as measured in real terms. The revised approach was approved by the Council in February 2025 and is being applied from 2025/26.
180. CIPFA's Practitioners' Guide to Capital Finance in Local Government supports the use of the Annuity method on the basis that the MRP charge to the General Fund takes account of the time value of money.
181. It should be noted that the revised approach does not change the overall amount of MRP payable; the same amount is simply repaid over a different time period but is more aligned with the period over which the underlying assets provide benefit. The MRP strategy can be found in Annex 1 to this strategy.
182. Overall capital financing costs, MRP (annuity basis) and external debt interest, are forecast to be £12.4m in 2026/27 and to then rise to £13.4m in 2029/30 as a result of the requirement for new borrowing. This estimate assumes the required new borrowing is from internal cash balances. The capital financing costs do not include the cost of interest returns foregone by using internal cash balances, this will be reflected in a reduction to the bank and other interest budget.
183. The Treasury Management Strategy has been prepared on the basis that there will be no new external borrowing by the County Council in the period covered by this MTFS, see capital section below for further details.

184. The Council continues to maintain a low risk approach to the manner in which its list of authorised counterparties is produced and takes advice from the Council's treasury management advisors on all aspects of treasury management.

185. The strategies were considered and noted by the Corporate Governance Committee on 23 January 2026.

Capital Programme 2026/27 to 2029/30

186. The overall approach to developing the capital programme has been based on the following key principles:

- To invest in priority areas of growth including roads, infrastructure, economic growth and to support delivery of essential services.
- No discretionary Capital schemes will be added to the programme unless fully funded by external sources.
- Capital schemes will only be added to the programme once a Business Case has been completed.
- To invest in projects that generate a positive revenue return (spend to save), Minimum return on investment for new schemes: 7% return (circa 10 year payback) .
- Passport Government capital grants received for key priorities for highways and education to those departments.
- No new forward funding of section 106 contributions.
- Maximise external sources of income including capital receipts, section 106 housing developer contributions and bids to external funding agencies.
- No investment in capital schemes primarily for financial return where borrowing is required anywhere within the capital programme (in line with the Prudential Code).
- In exceptional circumstances limited prudential borrowing will be considered where needed to fund essential investment in service delivery.
- Through risk appraisal of new schemes, with adequate contingencies held.

187. The draft capital programme totals £501m over the four years to 2029/30. The programme is funded by a combination of Government grants, capital receipts, external contributions, revenue balances and earmarked funds.

Changes to the Capital Programme 2026-30

188. Since the draft capital programme to the Cabinet in December the following expenditure changes, all fully funded, have been included in the updated capital programme – all in the Environment and Transport programme.

	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total £m
Local Authority Bus Grant	2.7	2.8	2.8	2.9	11.1
Consolidated Active Travel Fund*	-	0.9	0.9	0.9	2.7
Highway Maintenance Incentive Fund**	-	-	2.6	2.6	5.2
Transport Asset Management Programme	4.9	5.3	7.0	8.7	25.9
Total	7.6	9.0	13.3	15.1	45.0

*amounts for 2026/27 and **2027/28 were already included in the draft capital programme.

189. Local Authority Bus Grant – notification of combined grant from the Department for Transport (DfT) that merges previous funding streams; including Bus Service Improvement Plans (BSIP) and the Local Authority Bus Service Operators' Grant (LA BSOG) - for greater flexibility in supporting and enhancing bus services and infrastructure.
190. Consolidated Active Travel Fund - notification of DfT funding to support local transport authorities to develop and build infrastructure for walking and cycling.
191. Highways maintenance – increased estimates for the incentive element of the grant allocations following a review of the guidance.
192. Transport Asset Management programme – review of the grant conditions enabling the maximisation of the capital grant and reversing the previous substitution to the revenue budget.
193. In addition to the expenditure changes, additional funding is available through the capital financing and improvement projects reserve (£2m) and updated estimates of future capital receipts (£6.7m). This has the impact reducing the overall capital shortfall previously reported to the Cabinet from £84m to £75m reducing the need for future borrowing and lowering capital financing costs.
194. The updated capital programme and funding is shown below.

<u>Capital Programme 2026-30</u>	2026/27	2027/28	2028/29	2029/30	Total
	£m	£m	£m	£m	£m
Children and Family Services	38.6	37.7	7.7	3.2	87.2
Adults and Communities	8.4	5.9	5.9	5.6	25.8
Environment and Transport	73.7	63.0	67.9	70.1	274.7
Chief Executive's	0.2	-	-	-	0.2
Corporate Resources	2.0	2.0	1.3	1.8	7.1
Corporate Programme	11.3	27.1	32.0	35.5	105.9
Total	134.2	135.7	114.9	116.2	501.0

<u>Capital Resources</u>	2026/27	2027/28	2028/29	2029/30	Total
	£m	£m	£m	£m	£m
Grants	59.3	65.4	71.8	77.0	273.5
Capital Receipts from sales	3.1	10.2	6.3	3.4	23.1
Revenue/ Reserve Contributions	51.1	31.6	0.2	0.2	83.0
External Contributions	20.7	19.2	5.8	0.6	46.3
Total	134.2	126.4	84.1	81.2	426.0

Funding Required	0	9.2	30.7	35.0	75.0

195. Where capital projects are not yet fully developed, or plans agreed, these have been included under the heading of 'Future Developments' under each departmental programme. It is intended that as these schemes are developed during the year, they will be assessed against the balance of available resources and included in the capital programme as appropriate. A fund of £38m is included in the draft capital programme, shown within the Corporate programme.
196. The overall proposed capital programme can be summarised as:

Service Improvements	£317m
Invest to Save	£31m
Investment for Growth	£90m
Future Developments/ Risk Contingency	£63m
Total	£501m

Funding and Affordability

Forward Funding

197. The County Council has previously forward funded investment in infrastructure projects to enable new schools and roads to be built and unlock growth in Leicestershire before funding, mainly from section 106 developer contributions, is received. This allowed a more co-ordinated approach to infrastructure development. In previous years £20m has been forward funded in the capital programme. Of this total, £9.5m has already been repaid and £5.5m is estimated to be repaid between 2025/26 and 2029/30. The balance of £5m is estimated to be repaid after 2030.
198. When the expected developer contributions are received, they will be earmarked to the capital programme, to reduce the dependency on internal cash balances in the future.
199. There are risks involved in managing and financing a programme of this size. And an increased reliance on developer contributions through section 106 agreements means that it may take many years for investment to be repaid. Historic agreements may not be sufficient for the actual cost of infrastructure in the high inflation environment that is currently being experienced. The drivers of inflation are having a particularly profound impact upon construction schemes. Risks could be further compounded in the event of an economic slowdown, which could delay the housing development required before section 106 funding is received.
200. A key determinant in generating sufficient developer contributions is the approach taken by the district council, as the local planning authority. The district council will set the local planning context against which section 106 agreements will be agreed and ultimately decide on planning permission.
201. The Council's financial position, both in relation to capital and revenue funds is grave. As the lowest funded County Council in England, the Council has limited capacity to provide capital funding, or forward funding (recovered over a period of time) to support planned growth and therefore the focus must be on

maximising developer contributions and delivery rather than the County Council filling viability gaps in highways infrastructure requirements.

202. Due to the risk of forward funding not being repaid, for example if a developer's planned scheme is no longer viable. The County Council's intention is for all future schemes to be fully funded, including adequate contingency, before they are committed to. Without appropriate funding, infrastructure relating to further plans cannot be added to the programme. It is therefore critical that Local Plans are prepared with sufficient evidence to secure contributions and delivery for critical infrastructure.
203. Whilst this approach significantly reduces the financial risk faced by the County Council, in the shorter term, it does not remove it entirely. Until such time as Government policy reflects and addresses the challenges faced by local authorities in meeting housing needs whilst ensuring infrastructure is available and appropriate, district councils, as planning authorities are in the best position to manage the developer contribution risk. It is therefore necessary for the district councils to work with the County Council to ensure Local Plans include policies that balance the need to support delivery of growth without exposing the County Council to further financial risk. District councils also need to work with the County Council to direct more funding towards priority infrastructure
204. Without new funding the County Council can only commit to constructing new infrastructure upon receipt of funds from developers. Whilst the County Council will always be mindful of its statutory duty to ensure that highway safety is not compromised, there could be adverse impacts of development, such as congestion, if sufficient developer funding is not secured through the planning process.

Capital Grants

205. Grant funding for the capital programme totals £274m across the 2026-30 programme. The majority of grants are awarded by Government departments including the Department for Education (DfE) and the Department for Transport (DfT).

Children and Family Services

206. Capital grant funding for schools is provided by the DfE. The main grants are:
- a) Basic Need – this grant provides funding for new pupil places by expanding existing schools and academies or by establishing new schools. Funding is determined through an annual submission to the DfE which identifies the need for additional school places in each local authority area. In March 2025 the DfE announced Basic Need grant allocations for 2026/27 and 2027/28 of £1.2m and £0.7m respectively.

This compares with £17m awarded in 2025/26. The methodology they have used differs to previous years and now incorporates funding thresholds for planning areas below which grant funding will not be provided. This change in methodology has resulted in a significant reduction in the level of funding the Council will receive for 2026/27 and 2027/28. The Council has made representation to the DfE regarding this change in methodology and the impact it will have on enabling the Council to meet its statutory duty of providing sufficient mainstream places. A nominal estimate of £1m has been used for 2028/29 and 2029/30, which will be updated once the allocations are announced.

- b) Strategic Capital Maintenance – this grant provides the maintenance funding for the maintained school asset base. Details of the grant for 2026/27 and future years have not yet been announced. An estimate of £8m (£2m per annum) is included in the capital programme.
- c) Devolved Formula Capital - funding provided to schools. The DfE has not yet announced details of grant allocations. An estimate of £1.6m (0.4m per annum) is included in the MTFS, based on the number of maintained schools.

Adult Social Care

207. Capital funding for the Disabled Facilities Grant (DFG) programme has not yet been announced for 2026/27 and later years. An estimate of £5.5m in line with current years allocation has been included in the capital programme.

Environment and Transport

208. The main Department for Transport grants have been announced for the next four years. These include:

- a) Local Transport Grant (LTG) - £74m in total. The LTG provides funding to improve and maintain local transport infrastructure. It replaces the previous Integrated Transport Block (ITB) and provides capital funding to help councils deliver transport priorities and improvements.
- b) Highways Maintenance Block - Baseline funding £106m in total.
- c) Highways Maintenance Block - Incentive funding - £39m in total.
- d) Local Authority Bus Grant - £11.1m in total.

209. Highways Maintenance Block Grant provides funding to maintain and improve local roads. The overall grant allocation for 2026/27 of £29.8m is an increase of £1m compared to the current year's allocation. In 2026/27 a proportion of this funding (£8m or 27%), has been designated as incentive funding and will be subject to the Council as the Local Highway's Authority (LHA) demonstrating that it has complied with best practice in highways maintenance. For the purpose of the 2026-30 MTFS Capital Programme, 100% incentive funding has been assumed, and will be reviewed at each MTFS refresh.

Capital Receipts

210. The generation of capital receipts is a key priority for the County Council. The draft capital programme includes an estimate of £23m across the four years to 2029/30.
211. The estimate includes potential land sales that are subject to planning permission. In these cases the value of the site is significantly increased when planning permission is approved. However, this also comes with a significant amount of uncertainty and potential for delays.

Revenue / Earmarked Funds/ Contributions

212. To supplement the capital resources available and avoid the need for borrowing, £83m of revenue/ reserves funding is being used to fund the programme.
213. The capital financing and improvement projects reserve temporarily holds revenue contributions to fund the capital programme until they are required. Other capital funding sources that contain restrictions are maximised before using the capital financing reserve.

External Contributions and Earmarked Capital Funds

214. A total of £46m is included in the funding of capital programme 2026-30. This relates to section 106 developer contributions funded capital schemes over the next four years.

Funding from Internal Balances

215. Overall a total of £75m additional funding is required to fund the proposed 4-year capital programme and enable investment in schools and highway infrastructure to be made. Over the next 10 to 15 years £5m of this funding will be repaid through the associated developer contributions forward funded.
216. Due to the strength of the County Council's balance sheet, it is possible to use internal balances (cash balances) to fund the capital programme on a temporary basis instead of raising new external loans. Levels of cash balances held by the Council comprise the amounts held for earmarked funds, provisions, the Minimum Revenue Provision (MRP) set aside for the repayment of debt and working capital of the Council. The cost of raising external loans over the medium to long term is forecast to exceed the cost of interest lost on cash balances by 2% to 3%.
217. The overall cost of using internal balances to fund £75m of investment depends on what happens to interest and borrowing rates over the medium to long term. Current forecasts show the cost of externally borrowing would be around £6m per annum for the next 40 years, in interest and repayment of principal - MRP. Internal borrowing would still require MRP setting aside but net interest savings could amount to £3m per annum. Because of the uncertainty on interest rates,

this position will be kept under review as part of the treasury management strategy.

218. The County Council's external debt as at March 2026 is estimated to be £146m. This is not assumed to increase during the MTFS period. The relative interest rates and cash balances will be kept under review to ensure that this is the right approach.

Capital Programme Summary by Department

219. Over the period of the MTFS, a capital programme of £501m is required of which £134m is planned for 2026/27. The main elements are:
- Children and Family Services - £87m. The priorities for the programme are informed by the Council's School Place Planning Strategy and investment in SEND as part of the High Needs Development Plan.
 - Adults and Communities - £26m. The programme includes £22m relating to the Disabled Facilities Grant (DFG) programme and schemes for the Social Care Investment Plan (SCIP).
 - Environment and Transport - £275m – completion of major schemes including Zouch Bridge replacement, £195m investment in the Transport Asset Management (TAM) programme – preventative and restorative highways maintenance - and the Environment and Waste Programme. Other significant projects include the Melton Depot replacement and the corporate wide vehicle replacement programme.
 - Chief Executive's - £0.2m, Legal case management system.
 - Corporate Resources - £7m. Investment in ICT, Transformation and Property.
 - Corporate Programme - £106m. Investment in the Investing in Leicestershire Programme (IILP) £43m (subject to business cases), the future developments fund £38m (subject to business cases), and the major schemes portfolio risk fund of £25m.
220. Details of the proposed capital programme are shown in Appendix F to this report.

Capital Summary

221. The capital programme totals £501m over the four years to 2029/30. The Council recognises the need to fund long term investment and has forward funded £20m of capital infrastructure projects for highways. £10m has already been repaid, with £5m estimated to be repaid by 2029/30 and the balance of £5m expected between 2030 and 2040.
222. Longer term infrastructure schemes (outside of the MTFS period) are not included in the programme.
223. There are significant financial pressures in the School Accommodation programme due to increased inflationary costs, legacy section 106 shortfalls and a change in DfE grant allocation methodology requiring additional funding of £6.7m above the grants provided by the DfE. This gap can only be met through

the use of Council discretionary funding from reserves and the capital risk programme.

- 224. Overall £75m from internal cash balances will be used to fund the capital programme. As such there is very limited scope to add further capital schemes to the capital programme. The additional revenue costs arising from this total c.£4m per annum, on the basis of internal borrowing.
- 225. By their nature, discretionary asset investments, which are made to generate capital receipts or revenue returns, are risky. Whilst this is partially mitigated by the County Council's ability to take a long-term view of investments, removing short-term volatility, it is likely that not all investments will yield returns in line with the business case.
- 226. A significant portion of the programme enables revenue savings; delays or unsuccessful schemes will directly affect the revenue position.
- 227. Additional Government investment in housing and infrastructure is increasingly subject to a competitive bidding process and areas with devolution deals are likely to be preferred.

Investing in Leicestershire Programme

- 228. The Council directly owns and manages properties, including Industrial, Office and County Farms as part of the Investing in Leicestershire Programme (liLP). The fund also includes financial investments outside of direct property ownership, for example private debt, and pooled property investments (the indirect investments provide diversification of the fund). The fund is held for the purposes of supporting the delivery of various economic development objectives and is also income generating so makes a contribution to the Council's overall financial position. The aims of the liLP Strategy align with the five strategic outcomes set out in the Council's Strategic Plan (strong economy, transport and infrastructure; improved opportunities; great communities; safe and well; and clean and green. The Council's strategy for its rural estate is the subject of a separate report on the agenda for this Cabinet meeting.
- 229. A total of £43m has been included in the draft 2026-30 capital programme. This will bring the total held to £260m (based on historic cost). Annual income returns are currently around £9m, excluding capital growth, contributing ongoing net income for the Council.

Other Funding Issues

East Midlands Freeport

- 230. The County Council is acting as Accountable Body in relation to the establishment and ongoing activity of the East Midlands Freeport (EMF). The Freeport has been in operation since March 2023.
- 231. The County Council has provided up front funding to support business case development and wider set up costs. This is in the form of a commercial loan

capped at £4m. Capacity funding has also been received from MHCLG. A total of £2.9m of the loan has been drawn down. The loan has now been fully repaid during 2025/26 from the Freeport's retained business rates income stream.

Equality Implications

232. Under the Equality Act 2010 local authorities are required to have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation.
 - Advance equality of opportunity between people who share protected characteristics and those who do not; and
 - Foster good relations between people who share protected characteristics and those who do not.
233. Given the nature of the services provided, many aspects of the Council's MTFS will affect service users who have a protected characteristic. An assessment of the impact of the proposals on the protected groups must be undertaken at a formative stage prior to any final decisions being made. Such assessments will be undertaken in light of the potential impact of proposals and the timing of any proposed changes. Those detailed assessments will be revised as the proposals are developed to ensure that decision-makers have information to understand the effect of any service change, policy or practice on people who have a protected characteristic as well as information to enable proper consideration of the mitigation of the impact of any changes on those with a protected characteristic.
234. An equality impact assessment (EIA) of the outline proposals is undertaken annually, Appendix P. The purpose is to:
- Enable decision makers to make decisions on an informed basis which is a necessary component of procedural fairness.
 - Inform decision makers of the potential for equality impacts from the budget changes.
 - Consider the cumulative equality impacts from all changes across all Departments.
 - Provide some background context of the local evidence of cumulative impacts over time from public sector budget cuts.
235. This assessment is at a high level and is an overview of the MTFS. Many of the proposals in the MTFS were agreed as part of the decision to adopt the previous MTFS, and others are amendments to existing plans that have already been agreed.
236. Overall, the assessment found that the Council's budget changes will have the potential to adversely impact older people, children and young people, carers, working age adults with mental health or disabilities, and people with disabilities more than people without these characteristics. This is as expected given the nature of the services provided by the Council. The findings between April 2020 and November 2025 of the Leicestershire Community Insight Survey found that a

significantly higher percentage of women, middle-aged people, non-white British people, and people with a disability responded that they had been affected a “fair amount” or a “great deal” by national and local public sector cuts.

- 237. There are several areas of the budget where there are opportunities for positive benefits for people with protected characteristics both from the additional investment the Council is making into specialist services and to changes to existing services which offer improved outcomes for users whilst also delivering financial savings.
- 238. If potential negative impacts are identified, these will be subject to further assessment and mitigating action will be considered.
- 239. Any savings arising out of a reduction in posts will be subject to the County Council’s Organisational Change policy which requires an Equality Impact Assessment to be undertaken as part of the Action Plan.

Human Rights Implications

- 240. There are no human rights implications arising from this report. Where there are potential human rights implications arising from the changes proposed in the MTFS, these will be subject to further assessment including consultation with the Council’s Legal Services.

Crime and Disorder Implications

- 241. Some aspects of the County Council’s MTFS are directed towards providing services which will support the reduction of crime and disorder.

Environmental Implications

- 242. The MTFS includes schemes to support the Council’s response to climate change and to make environmental improvements.

Partnership Working and Associated Issues

- 243. As part of the efficiency programme and improvements to services, working with partners and service users will be considered along with any impact issues, and they will be consulted on any proposals which affect them.

Risk Assessments

- 244. As this report states, risks and uncertainties surrounding the financial outlook are significant. The risks are included in the Corporate Risk Register which is regularly updated and reported to the Corporate Governance Committee.

Background Papers

Report to the Cabinet 16 December 2025 – Provisional Medium Term Financial Strategy 2026/27 to 2029/30 – Proposals for Consultation

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7882&Ver=4>

Report to the County Council 19 February 2025: Medium Term Financial Strategy
2025/26 – 2028/29

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=7391&Ver=4>

County Council Strategic Plan

<https://www.leicestershire.gov.uk/about-the-council/council-plans/the-strategic-plan>

Appendices

Appendix A: 2026/27 Revenue Budget

Appendix B: Four Year Revenue Budget 2026/27 to 2029/30

Appendix C: Growth and Savings 2026/27 to 2029/30

Appendix D: Savings under Development

Appendix E: Detailed Revenue Budgets 2026/27

Appendix F: Capital Programme 2026/27 to 2029/30

Appendix G: Capital Strategy

Appendix H: Investing in Leicestershire Programme Strategy

Appendix I: Risk Management Policy and Strategy

Appendix J: Reserves Policy

Appendix K: Earmarked Reserves forecasts

Appendix L: Insurance Policy

Appendix M: Council Tax and Precept

Appendix N: Treasury Management Strategy Statement and Annual Investment
Strategy

Appendix O: MTFS Consultation Report

Appendix P: Equality Impact Assessment

Appendix Q: Comments of the Overview and Scrutiny Committees and Scrutiny
Commission (to follow)

Appendix R: Efficiency Review Opportunities

REVENUE BUDGET 2026/27

	Gross Expenditure				Gross Income (external)				NET
	Base	Growth	Savings	Gross	Base	Growth	Savings	Gross	TOTAL
	including			Expenditure	including			Income	
	inflation				inflation				
	£	£	£	£	£	£	£	£	£
Spending									
Services :									
Children & Family Services *	521,653,690	27,730,000	-6,730,000	542,653,690	-384,009,120	0	0	-384,009,120	158,644,570
Adults & Communities	387,432,880	14,830,000	-4,390,000	397,872,880	-150,875,150	-2,660,000	-2,625,000	-156,160,150	241,712,730
Public Health	35,830,770	0	0	35,830,770	-37,917,240	0	0	-37,917,240	-2,086,470
Environment & Transport	149,455,320	5,110,000	-5,090,000	149,475,320	-34,779,120	0	-590,000	-35,369,120	114,106,200
Chief Executives	21,546,710	255,000	-345,000	21,456,710	-5,519,460	0	-235,000	-5,754,460	15,702,250
Corporate Resources	68,361,750	1,005,000	-2,820,000	66,546,750	-28,652,990	0	-305,000	-28,957,990	37,588,760
	1,184,281,120	48,930,000	-19,375,000	1,213,836,120	-641,753,080	-2,660,000	-3,755,000	-648,168,080	565,668,040
DSG (Central Dept recharges)	0			0	-2,285,000			-2,285,000	-2,285,000
MTFS Risks Contingency	8,000,000			8,000,000	0			0	8,000,000
Contingency for inflation/ Living Wage	18,250,000			18,250,000	0			0	18,250,000
Total Services	1,210,531,120	48,930,000	-19,375,000	1,240,086,120	-644,038,080	-2,660,000	-3,755,000	-650,453,080	589,633,040
Central Items:									
Financing of capital	14,832,000			14,832,000	-2,432,000			-2,432,000	12,400,000
Bank & other interest	0			0	-11,000,000			-11,000,000	-11,000,000
Central expenditure	4,085,300			4,085,300	-915,000			-915,000	3,170,300
Total Central Items	18,917,300	0	0	18,917,300	-14,347,000	0	0	-14,347,000	4,570,300
Total Services & Central Items	1,229,448,420	48,930,000	-19,375,000	1,259,003,420	-658,385,080	-2,660,000	-3,755,000	-664,800,080	594,203,340
Contribution to earmarked reserves	36,300,000			36,300,000	0			0	36,300,000
Contribution to General Fund	1,000,000			1,000,000	0			0	1,000,000
Contribution from budget equalisation reserve to balance 2026-27 revenue budget	-18,126,120			-18,126,120	0			0	-18,126,120
Total Spending	1,248,622,300	48,930,000	-19,375,000	1,278,177,300	-658,385,080	-2,660,000	-3,755,000	-664,800,080	613,377,220
Funding									
Revenue Support Grant									-80,093,970
Business Rates - Top Up									-52,467,830
Business Rates Baseline/Retained									-38,083,610
Council Tax Precept									-441,556,540
Council Tax Collection Fund net deficit / (surplus)									-1,175,270
Total Funding									-613,377,220
Council Tax									
Council Tax Base									254,971.43
Band D Council Tax									£1,731.79
Increase on 2025/26 (£1,681.50)									2.99%

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2026/27 - 2029/30 REVENUE BUDGET *

	TOTAL 2025/26 Restated £000	Inflation/ Contingencies /Transfers £000	Growth £000	Savings £000	TOTAL 2026/27 £000	Inflation/ Contingencies /Transfers £000	Growth £000	Savings £000	TOTAL 2027/28 £000	Inflation/ Contingencies /Transfers £000	Growth £000	Savings £000	TOTAL 2028/29 £000	Inflation/ Contingencies /Transfers £000	Growth £000	Savings £000	TOTAL 2029/30 £000
Spending																	
Services :																	
Children & Family Services	140,368	-2,724	27,730	-6,730	158,645	0	9,520	-5,000	163,165	959	10,200	-4,400	169,923	0	10,800	-4,175	176,548
Adults & Communities	223,234	13,323	12,170	-7,015	241,712	21,824	6,060	-5,190	264,406	0	5,190	-3,030	266,566	0	6,290	-1,410	271,446
Public Health **	-2,746	660	0	0	-2,086	0	0	0	-2,086	0	0	0	-2,086	0	0	0	-2,086
Environment & Transport	110,841	3,835	5,110	-5,680	114,106	1,725	4,465	-1,150	119,146	1,000	8,305	-95	128,356	1,000	3,445	0	132,801
Chief Executives	16,888	-861	255	-580	15,702	0	0	-10	15,692	0	0	0	15,692	0	0	0	15,692
Corporate Resources	39,039	670	1,005	-3,125	37,589	35	0	-650	36,974	132	0	-85	37,021	90	0	-100	37,011
	527,625	14,903	46,270	-23,130	565,668	23,584	20,045	-12,000	597,297	2,091	23,695	-7,610	615,473	1,090	20,535	-5,685	631,413
DSG (Central Dept recharges)	-2,285				-2,285				-2,285				-2,285				-2,285
Growth Contingency	0		0	0	0		6,955	0	6,955		3,305	0	10,260		6,465	0	16,725
Service Investment Fund	1,200	-1,200			0				0				0				0
MTFS Risks Contingency	8,000				8,000				8,000				8,000				8,000
Contingency for inflation/ Living Wage	34,430	-16,180			18,250	18,500			36,750	17,800			54,550	17,950			72,500
	568,970	-2,477	46,270	-23,130	589,633	42,084	27,000	-12,000	646,717	19,891	27,000	-7,610	685,998	19,040	27,000	-5,685	726,353
Central Items:																	
Financing of capital	14,800	-2,400			12,400	100			12,500	200			12,700	700			13,400
Bank & other interest	-12,000	1,000			-11,000	4,000			-7,000	3,000			-4,000	2,000			-2,000
Central expenditure	3,015	155		0	3,170	-100	0	0	3,070	-100	0	0	2,970	-100	0	0	2,870
Total Services & Central Items	574,785	-3,722	46,270	-23,130	594,203	46,084	27,000	-12,000	655,287	22,991	27,000	-7,610	697,668	21,640	27,000	-5,685	740,623
Contributions to earmarked reserves	22,600				36,300				39,200				45,800				54,000
Contributions to General Fund	1,000				1,000				1,000				1,000				1,000
Contributions from reserves to balance budgets	-4,653				-18,126												
Total Spending	593,732				613,377				695,487				744,468				795,623
Funding																	
Revenue Support Grant	-68,290				-80,094				-105,237				-109,807				-109,807
Business Rates - Top Up	-42,912				-52,468				-53,671				-54,754				-55,849
Business Rates Baseline/Retained	-31,818				-38,084				-38,957				-39,743				-40,538
S31 grants - Business Rates	-17,713				0				0				0				0
Business Rates Pool - share of Levy	-8,000				0				0				0				0
Council Tax Precept	-422,465				-441,556				-461,580				-482,510				-504,390
Council Tax Collection Fund net deficit / (surplus)	-1,493				-1,175				-500				-500				-500
New Homes Bonus Grant	-1,041				0				0				0				0
Total Funding	-593,732				-613,377				-659,945				-687,314				-711,084
VARIANCE	0				0				35,542				57,154				84,539
Band D Council Tax	£1,681.50				£1,731.78				£1,783.56				£1,836.88				£1,891.81
Increase	4.99%				2.99%				2.99%				2.99%				2.99%

* provisional for 2027/28 and later years

** preventative expenditure within other Departments' budgets to be identified and absorbed into the ring fenced budget

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References			2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
<u>GROWTH</u>						
<u>CHILDREN & FAMILY SERVICES</u>						
**	G1	Demographic growth & increasing cost of Social Care Placement mix	22,200	30,200	38,700	47,900
**	G2	Front-line social care staff - increased caseloads	700	700	900	900
**	G3	Post Transforming SEND & Inclusion In Leicestershire(TSIL) sustainability	1,850	1,850	1,850	1,850
**	G4	Unaccompanied Asylum Seeking Children (UASC) - increased demand/cost	800	2,000	3,200	4,450
	G5	Disabled Children Service	1,380	1,700	2,000	2,350
	G6	Oakfield Expansion - Increased Transport need/demand	800	800	800	800
TOTAL			27,730	37,250	47,450	58,250
<u>ADULTS & COMMUNITIES</u>						
**	G7	Older people - new entrants and increasing needs in community based services and residential admissions	5,130	8,980	12,580	16,770
**	G8	Learning Disabilities - new entrants including children transitions and people with complex needs	3,780	6,530	9,150	12,000
**	G9	Mental Health - new entrants in community based services and residential admissions	1,420	2,400	3,290	4,340
**	G10	Physical Disabilities - new entrants in community based services	340	670	1,040	1,370
**	G11	Additional Service User Income from new growth to offset costs	-530	-1,380	-2,350	-3,420
**	G12	Additional Health Income from new growth to offset costs	-1,380	-2,380	-3,330	-4,390
	G13	Increased Service User Income realigning to 2025/26 levels	-750	-750	-750	-750
	G14	Archives digital preservation and offsite storage	170	120	100	100
	G15	CQC Improvement Plan	3,990	4,040	3,690	3,690
TOTAL			12,170	18,230	23,420	29,710
<u>ENVIRONMENT & TRANSPORT</u>						
<u>Highways & Transport Services</u>						
**	G16	Special Educational Needs transport - increased client numbers/costs	4,975	7,290	10,325	13,275
**	G17	Mainstream School Transport - increased client numbers/costs	135	285	445	605
**	G18	Fleet Services vehicle maintenance costs	-45	-70	0	70
*	G19	Street Lighting maintenance costs	-125	-125	-125	-125
	G20	Loss of income on Passenger Fleet from removal of School Food Service	65	90	90	90
Total			5,005	7,470	10,735	13,915
<u>Waste Management Services</u>						
**	G21	DIY Waste - loss of income	0	65	130	195
**	G22	Increased waste tonnages	80	240	440	640
*	G23	Emissions Trading Scheme (ETS) expansion to include energy from waste facilities	0	1,500	6,000	6,000
	G24	Deposit Return Scheme (DRS)	0	275	550	550
Total			80	2,080	7,120	7,385
<u>Department Wide</u>						
*	G25	HGV Driver Market Premia	25	25	25	25
Total			25	25	25	25
TOTAL E&T			5,110	9,575	17,880	21,325
<u>CHIEF EXECUTIVES</u>						
	G26	Legal Services - Childcare team	175	175	175	175
	G27	Local Government Association (LGA) and County Councils Network (CCN) subscriptions	80	80	80	80
TOTAL			255	255	255	255
<u>CORPORATE RESOURCES</u>						
**	G28	ICT cyber security	330	330	330	330
	G29	Commercial Services	675	675	675	675
TOTAL			1,005	1,005	1,005	1,005
<u>CORPORATE GROWTH</u>						
**	G30	Growth contingency	0	6,955	10,260	16,725
TOTAL			0	6,955	10,260	16,725
TOTAL GROWTH			46,270	73,270	100,270	127,270
<i>Overall net additional growth</i>				<i>27,000</i>	<i>27,000</i>	<i>27,000</i>

* items unchanged from previous Medium Term Financial Strategy

** items included in the previous Medium Term Financial Strategy which have been amended

References

2026/27
£000

2027/28
£000

2028/29
£000

2029/30
£000

SAVINGS**References used in the following tables**

* items unchanged from previous Medium Term Financial Strategy

** items included in the previous Medium Term Financial Strategy which have been amended

Eff - Efficiency saving

SR - Service reduction

Inc - Income

CHILDREN & FAMILY SERVICES

*	CF1	Eff	Innovation Partnership - Creation and investment in Internal Residential provision	-750	-1,250	-1,500	-1,500
*	CF2	Eff	Defining CFS For the Future Programme - Phase 2 - Social Care Workforce Strategy (Recruitment and Retention)	-250	-650	-650	-650
*	CF3	Eff	Reduced Care Costs through growth of internal family based placements	-300	-600	-850	-850
**	CF4	Eff/Inc	Smarter commissioning, Procurement and Demand Management - Social Care Placements and externally commissioned services				
			Strand 1 - Contain & Minimise impact of market cost pressures for children placements - external providers	-1,000	-2,250	-3,700	-5,470
			Strand 2 - Review of care packages /cost (Pro-active and Reactive) ensuring value for money and effectiveness	-200	-400	-650	-955
			Strand 3 - Development of a wide range of other accommodation and support options	-3,600	-5,950	-8,150	-10,250
	CF5	Eff	Departmental Service Efficiency Review	-630	-630	-630	-630
			TOTAL	-6,730	-11,730	-16,130	-20,305

ADULTS & COMMUNITIES**Adult Social Care**

*	AC1	Inc	Increased income from fairer charging and removal of subsidy / aligning increases	-100	-200	-300	-400
*	AC2	Eff	Implementation of digital assistive technology to service users	-150	-150	-150	-150
*	AC3	Inc	Increased Better Care Fund income from annual uplift	-2,000	-3,000	-4,000	-5,000
*	AC4	Eff	Transforming Commissioning (Extra Care)	-80	-155	-155	-155
**	AC5	Eff	Transforming Commissioning continuing review of contracts across all areas	-25	-25	-25	-25
**	AC6	Eff	Review of underspends in staffing and general expenditure(turnover)	-100	-100	-100	-100
*	AC7	Eff	Review in-house supported living and short breaks provision	-150	-400	-400	-400
*	AC8	Eff	Review of 1:1 support in residential care	-250	-250	-250	-250
*	AC9	Inc	Increasing Health Income	-200	-200	-200	-200
*	AC10	Inc	Review of Fees & Charges	-50	-50	-50	-50
	AC11	Eff	Review of Lightbulb Service contribution and business case with partners to improve efficiency.	-160	-160	-160	-160
	AC12	Eff	Review of Direct Payments processes to improve efficiency across teams and robustness of assessments/reviews.	-50	-50	-50	-50
	AC13	Eff	Social Care Data Quality	-250	-250	-250	-250
	AC14	Eff	Strategic Commissioning Efficiencies	-50	-50	-50	-50
	AC15	Eff	Transforming Commissioning (Homecare Reprourement)	-150	-260	-260	-260
	AC16	Eff	Transforming Commissioning (Community Life Choices Reprourement)	-75	-150	-150	-150
	AC17	Eff	Prevention Review - Reviews of cases	-350	-700	-700	-700
	AC18	Eff	Prevention Review - Supported Living	-850	-1,700	-1,700	-1,700
	AC19	Eff	Prevention Review - Hospital Discharge and Reablement	-950	-1,900	-1,900	-1,900
	AC20	Eff	Prevention Review - Improved Pathway to Adulthood	0	-250	-250	-250
	AC21	Eff	Increased Reablement Capacity	-1,000	-1,000	-1,000	-1,000
	AC22	Eff	Increasing Reablement Capacity through recruitment of additional staff	0	-1,180	-3,070	-3,380
	AC23	Eff	Increasing Brokerage fees	-25	-25	-25	-25
			Total ASC	-7,015	-12,205	-15,195	-16,605

Communities and Wellbeing

**	AC24	Eff	Implementation of revised service for communities and wellbeing	0	0	-40	-40
			Total C&W	0	0	-40	-40
			TOTAL A&C	-7,015	-12,205	-15,235	-16,645

ENVIRONMENT & TRANSPORT**Highways & Transport Services**

**	ET1	Eff	Assisted Transport Programme	-4,010	-4,845	-4,845	-4,845
**	ET2	Inc	Network Management incl. temporary traffic regulation orders (TTRO)	-200	-200	-200	-200
**	ET3	Inc	Fees and Charges Uplift	-35	-35	-35	-35
*	ET4	Eff	Traffic Signals energy savings arising LED implementation	-20	-20	-20	-20
	ET5	Eff	Contract Procurement efficiencies	-800	-800	-800	-800
			Total	-5,065	-5,900	-5,900	-5,900

References

2026/27	2027/28	2028/29	2029/30
£000	£000	£000	£000

SAVINGS

Waste Management Services							
**	ET6	Inc	Trade Waste income	-100	-100	-100	-100
**	ET7	Eff/Inc	Food Waste implementation	-260	-575	-670	-670
**	ET8	Inc	Fees and Charges Uplift	-5	-5	-5	-5
	ET9	Inc	Recycling Materials increased income	-250	-250	-250	-250
Total				-615	-930	-1,025	-1,025
TOTAL E&T				-5,680	-6,830	-6,925	-6,925
<u>CHIEF EXECUTIVE</u>							
*	CE1	Eff	Trading Standards Review	-10	-20	-20	-20
**	CE2	Inc	Additional Registrars fees and income	-135	-135	-135	-135
	CE3	Eff/SR	Staff vacancy	-100	-100	-100	-100
	CE4	Eff	Review of Communities Management	-95	-95	-95	-95
	CE5	Eff	Travel reduction	-10	-10	-10	-10
	CE6	SR	Hospitality reduction	-10	-10	-10	-10
	CE7	Eff	Democratic Services - Staff Review	-55	-55	-55	-55
	CE8	Eff	Departmental Efficiencies	-125	-125	-125	-125
	CE9	Inc	Increasing monitoring fees for Section 106 obligations, funded by develop	-40	-40	-40	-40
TOTAL				-580	-590	-590	-590
<u>CORPORATE RESOURCES</u>							
Corporate Resources Department							
**	CR1	Eff/Inc	Use of office space	-175	-595	-595	-595
**	CR2	Eff	Customer Programme (cross cutting)	-85	-195	-280	-400
*	CR3	Eff	Transformation Unit efficiencies	0	-70	-70	-70
**	CR4	Eff	Energy Efficiency Initiatives	-50	-80	-80	-80
**	CR5	Eff	ICT efficiencies	-925	-925	-925	-925
**	CR6	Eff	Property Service efficiencies	-180	-180	-180	-180
*	CR7	Eff	Transfer of temporary Departmental/Administrative savings to permanent	300	300	300	300
	CR8	Inc	Tax Opportunities - review of opportunities for payroll tax savings	-40	-50	-50	-30
	CR9	Eff	Rationalisation of Multi-Functional Devices (Photocopiers)	0	-10	-10	-10
	CR10	Eff	Communications team efficiency (Social Media Strategy and Delivery)	-55	-55	-55	-55
	CR11	Eff	Early Payments Partnership	-50	-50	-50	-50
	CR12	Inc	Country Parks- increasing parking fees	-80	-80	-80	-80
				-1,340	-1,990	-2,075	-2,175
Central Items							
	CR13	Eff	Minimum Revenue Provision Review - assessment of alternative prudent approaches	-1,600	-1,600	-1,600	-1,600
	CR14	Inc	ESPO Increased Dividend Yield	-185	-185	-185	-185
TOTAL				-3,125	-3,775	-3,860	-3,960
TOTAL SAVINGS including additional income				-23,130	-35,130	-42,740	-48,425
MTFS net shortfalls - savings required				-18,126	-35,542	-57,154	-84,539
TOTAL SAVINGS REQUIRED - EXCLUDING DSG				-41,256	-70,672	-99,894	-132,964
<u>Dedicated Schools Grant - Deficit reduction activity</u>							
Integrated programme of six strategic actions to create a whole-system transformation that address the root causes of rising EHCP demand and inefficient placement patterns				-15,363	-33,403	-49,634	-66,146
				-15,363	-33,403	-49,634	-66,146
TOTAL SAVINGS REQUIRED - INCLUDING DSG				-56,619	-104,075	-149,528	-199,110

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SAVINGS UNDER DEVELOPMENT

Initiative title	RAG
<u>Children and Family Services</u>	
Service Efficiency Rolling Programme.	A
Parental Mental Health and Substance Misuse.	A
<u>Adults and Communities</u>	
Prevention Review - Carers	A
Improve efficiency of financial assessments process across teams which should lead to more timely invoicing and reduce debt.	A
Extracare - New Build Opportunities.	A
Older People's Accommodation.	A
<u>Environment and Transport</u>	
SEN Post-16 Transport Review: Review of discretionary transport for post-16 SEN students, focusing on appeals, financial controls, and alternative options such as increasing Personal Transport Budget (PTB) values to encourage uptake and reduce overall costs.	A
Fleet Efficiencies and Improvements: Reduce reliance on hired vehicles and optimise fleet size using service data. This includes reviewing utilisation, maintenance costs and replacement cycles. The commercial appetite for using the workshop to generate income will also be explored.	A
Network Management Improvement Project (NMIP): Streamline roadworks permitting processes to achieve operational excellence, improve compliance and strengthen financial control. This is a prerequisite for considering the national Lane Rental Scheme.	A
Commercialisation of Highways Services: Assessing potential to generate new/increased income for the Authority from highways assets, including street lighting columns and bus shelters. This will require legal agreements and market testing to confirm appetite, as well as being dependent on external parties.	A
Lane Rental Scheme: Once NMIP is complete, the Council will explore the ability to charge utility companies and developers for occupying roads during works. This would incentivise quicker completion and generate income.	A
RHWS Income and Service Efficiency: Improve efficiency at RHWS and explore further income generating options, e.g. re-use shops, and maximising contract performance.	A
Forestry Service Review: Review and consolidate under Environment and Transport Department (currently, the service sits within two Council departments) to reduce costs, improve safety and deliver a consistent, accountable service.	A
<u>Chief Executives</u>	
SUD additional Planning, Historic and Natural Environment - fee income: Additional income due to the national Planning Application fees increase.	A
Staffing Review	G
Legal Services in-house advocate role: Locum barrister recruited on fixed-term basis in the childcare advocate team.	G
<u>Corporate Resources</u>	
Assess technology offer to further optimise value: Reviewing enterprise technology licences and vendor contracts to maximise utilisation and reduce duplication. Focus is on aligning spend with business priorities and leveraging existing platforms for greater return on investment.	G
Technology Architecture and data review including consolidation of ICT systems to adopts a unified approach: Strategic review of ICT architecture to simplify systems, consolidate platforms, and adopt a unified data approach. Expected benefits include cost reduction, improved resilience, and streamlined support.	G
Targeted Automation - Digiting Caseworker Notes: Exploring automation of manual case recording processes to reduce administrative burden, improve data accuracy, and release staff time for frontline services.	G

Initiative title	RAG
Beaumanor Hall - Future options for operation of site Options appraisal underway to determine future operating model, including potential outsourcing, partnerships, or alternative use to increase income and reduce costs.	A
liLP - Income from investment decisions - further opportunities being explored: Further opportunities being explored within the Invest in Leicestershire Programme to optimise returns through strategic asset management and diversification.	A
Responsible payments - to strengthen the oversight and assurance of Direct payment's within the authority's adult social care direct payments service. The project will support improved financial stewardship and safeguard the integrity of the direct payments service.	A
Strategic and Operational Property service and structure reviews: Comprehensive review of property services to identify structural efficiencies, improve asset utilisation, and reduce costs through streamlined processes.	G
Assess opportunity to reduce spend on water contracts across the estates: Assessing opportunities to renegotiate water supply contracts and implement consumption reduction measures for cost and environmental benefits.	A
Management of teams: Targeted interventions for teams with high turnover, agency reliance, or absence rates to improve workforce stability and reduce associated costs.	A
<u>Cross cutting</u>	
Prevention Review - Review of Prevention Activity to ensure focus on most effective interventions.	A
Sustainable Support Services Programme - ensuring the right tools are available alongside cost effective and efficient support services.	A
Third Party Spend Review (TPSR) - Aspiring to ensure all such spend is necessary and represents the best possible value for the authority. Approach is being piloted in Corporate Resources and 3 cross cutting workstreams have been identified.	G

Green
Amber
Red

CHILDREN & FAMILY SERVICES DEPARTMENT

REVENUE BUDGET 2026/27

Net Budget 2025/26		*	Employees	Running Expenses	Internal Income	Gross Budget	External Income	Net Budget 2026/27	Schools	Early Years	High Needs	Dedicated Schools Grant	LA Block
£			£	£	£	£	£	£	£	£	£	£	£
1,807,330	C&FS Directorate		1,776,280	94,240	0	1,870,520	-30,850	1,839,670	18,120	43,630	150,800	212,550	1,627,120
2,830,420	C&FS Safeguarding	S	3,040,780	2,619,600	-2,375,420	3,284,960	-588,000	2,696,960	0	0	0	0	2,696,960
150,130	LSCB	S	353,990	324,300	-88,820	589,470	-439,340	150,130	0	0	0	0	150,130
2,980,550	Safeguarding, Improvement & QA		3,394,770	2,943,900	-2,464,240	3,874,430	-1,027,340	2,847,090	0	0	0	0	2,847,090
7,510,200	Asylum Seekers	S	1,786,620	14,529,980	0	16,316,600	-8,076,510	8,240,090	0	0	0	0	8,240,090
6,393,860	C&FS Fostering & Adoption	S	5,659,500	471,310	0	6,130,810	-21,500	6,109,310	0	0	0	0	6,109,310
65,622,860	C&FS Operational Placements	S	65,680	83,044,180	0	83,109,860	-146,500	82,963,360	0	0	0	0	82,963,360
4,727,890	Children in Care Service	S	3,816,530	957,630	0	4,774,160	-47,500	4,726,660	0	0	0	0	4,726,660
84,254,810	Children in Care		11,328,330	99,003,100	0	110,331,430	-8,292,010	102,039,420	0	0	0	0	102,039,420
4,156,870	Family Safeguarding North	S	2,644,070	1,862,510	0	4,506,580	0	4,506,580	0	0	0	0	4,506,580
3,142,470	Family Safeguarding South	S	2,644,160	398,020	0	3,042,180	0	3,042,180	0	0	0	0	3,042,180
1,052,930	Children's Management	S	1,199,750	1,424,860	0	2,624,610	-1,615,430	1,009,180	0	0	0	0	1,009,180
4,165,160	C&FS First Response	S	3,952,820	76,370	0	4,029,190	-35,000	3,994,190	0	0	0	0	3,994,190
2,290,580	Child Sexual Exploitation Team	B	2,049,270	118,100	0	2,167,370	0	2,167,370	0	0	0	0	2,167,370
47,000	Social Care Legal Costs	S	0	47,000	0	47,000	0	47,000	0	0	0	0	47,000
3,876,310	C&FS Disabled Children	S	824,890	4,389,400	0	5,214,290	0	5,214,290	0	0	0	0	5,214,290
18,731,320	Field Social Work		13,314,960	8,316,260	0	21,631,220	-1,650,430	19,980,790	0	0	0	0	19,980,790
541,430	Practice Excellence		507,490	21,220	0	528,710	-10,000	518,710	0	0	0	0	518,710
324,590	Community Safety		301,250	207,070	-42,780	465,540	-152,700	312,840	0	0	0	0	312,840
4,491,750	C&FS Children Family Well-being Service East	B	4,258,060	217,350	0	4,475,410	-53,650	4,421,760	0	0	0	0	4,421,760
5,795,070	C&FS Children Family Well-being Service West	B	4,941,450	296,630	0	5,238,080	0	5,238,080	0	0	0	0	5,238,080
3,818,770	C&FS Children Family Well-being Service Youth	B	4,566,720	804,010	-738,510	4,632,220	-978,370	3,653,850	0	0	0	0	3,653,850
369,410	C&FS Children Family Well-being Service Central	B	30,000	359,170	-19,770	369,400	0	369,400	0	0	0	0	369,400
-2,586,820	Supporting Leicestershire Families / Teen Health	B	1,690,200	1,194,240	0	2,884,440	-8,981,470	-6,097,030	0	0	0	0	-6,097,030
3,144,210	C&FS Family Help	B	3,231,050	198,340	-532,990	2,896,400	0	2,896,400	0	0	0	0	2,896,400
15,032,390	C&FS Children & Families Wellbeing		18,717,480	3,069,740	-1,291,270	20,495,950	-10,013,490	10,482,460	0	0	0	0	10,482,460
1,214,620	Education Sufficiency		1,788,060	28,620	-436,340	1,380,340	-180,200	1,200,140	494,830	0	0	494,830	705,310
110,819,390	C&FS 0-5 Learning	S	3,279,970	126,435,090	0	129,715,060	-30,000	129,685,060	0	128,083,040	1,602,020	129,685,060	0
695,610	C&FS 5-19 Learning	B	1,164,030	421,610	-597,770	987,870	-316,040	671,830	406,870	0	0	406,870	264,960
5,605,600	Inclusion	S	2,047,750	695,970	-68,280	2,675,440	-791,880	1,883,560	0	0	553,410	553,410	1,330,150
1,849,120	Oakfield	S	0	5,282,670	0	5,282,670	0	5,282,670	0	0	4,058,550	4,058,550	1,224,120
54,740	Music Services	B	1,584,800	478,640	0	2,063,440	-2,063,440	0	0	0	0	0	0
736,520	Education of Children in Care	S	1,149,330	1,566,910	-476,230	2,240,010	-1,552,060	687,950	0	0	0	0	687,950
119,760,980	Education Quality & inclusion		9,225,880	134,880,890	-1,142,280	142,964,490	-4,753,420	138,211,070	406,870	128,083,040	6,213,980	134,703,890	3,507,180
121,578,430	C&FS SEN	S	3,409,970	176,651,030	-674,790	179,386,210	-1,350	179,384,860	0	0	175,864,860	175,864,860	3,520,000
2,445,910	C&FS Specialist Services to Vulnerable Groups	B	3,339,650	246,450	0	3,586,100	-147,200	3,438,900	0	0	3,438,900	3,438,900	0
1,392,720	C&FS Psychology Service	B	2,203,350	102,550	-111,500	2,194,400	-285,000	1,909,400	0	0	0	0	1,909,400
1,150,760	HNB Development Programme	D	193,380	2,349,900	-193,380	2,349,900	0	2,349,900	0	0	2,349,900	2,349,900	0
-15,254,890	DSG Reserve income	N/A	0	0	-72,179,650	-72,179,650	0	-72,179,650	0	0	-72,179,650	-72,179,650	0
111,312,930	SEND & Children with Disabilities		9,146,350	179,349,930	-73,159,320	115,336,960	-433,550	114,903,410	0	0	109,474,010	109,474,010	5,429,400

CHILDREN & FAMILY SERVICES DEPARTMENT

REVENUE BUDGET 2026/27

Net Budget 2025/26		*	Employees	Running Expenses	Internal Income	Gross Budget	External Income	Net Budget 2026/27	Schools	Early Years	High Needs	Dedicated Schools Grant	LA Block
£			£	£	£	£	£	£	£	£	£	£	£
8,635,200	CFS Dedicated Operational Delivery Support Services	B	7,852,320	592,870	-428,790	8,016,400	0	8,016,400	0	296,360	144,120	440,480	7,575,920
2,285,220	Central Charges	B	0	2,285,220	0	2,285,220	0	2,285,220	1,434,680	210,850	639,690	2,285,220	0
1,196,470	C&FS Finance	B	0	1,256,470	-60,000	1,196,470	0	1,196,470	1,130,920	0	0	1,130,920	65,550
1,349,900	C&FS Human Resources	S	1,399,900	0	0	1,399,900	-50,000	1,349,900	674,900	0	0	674,900	675,000
1,402,700	C&FS Commissioning & Planning	B	1,265,420	93,090	-48,490	1,310,020	0	1,310,020	0	0	0	0	1,310,020
2,855,970	C&FS Sub Transformation	S	0	639,830	0	639,830	0	639,830	8,570	0	0	8,570	631,260
505,990	Education Strategy	S	937,810	-1,310	0	936,500	0	936,500	0	0	0	0	936,500
18,231,450	Business Support & Commissioning		11,455,450	4,866,170	-537,280	15,784,340	-50,000	15,734,340	3,249,070	507,210	783,810	4,540,090	11,194,250
-73,940	C&FS Miscellaneous		0	0	0	0	0	0	0	0	0	0	0
-233,264,360	C&FS Dedicated Schools Grant	S	0	-14,073,800	13,915,260	-158,540	-257,240,810	-257,399,350	-4,479,610	-128,633,880	-124,285,860	-257,399,350	0
560,875,000	Delegated School Budgets	S	0	600,922,110	0	600,922,110	-9,042,210	591,879,900	584,216,640	0	7,663,260	591,879,900	0
-559,086,540	Delegated Dedicated Schools Grant	S	0	0	0	0	-583,905,920	-583,905,920	-583,905,920	0	0	-583,905,920	0
0	Dedicated Schools Grant Recoupment	S	0	-492,773,810	0	-492,773,810	492,773,810	0	0	0	0	0	0
-231,549,840	C&FS Other		0	94,074,500	13,915,260	107,989,760	-357,415,130	-249,425,370	-4,168,890	-128,633,880	-116,622,600	-249,425,370	0
142,642,560	Total		80,956,300	526,855,640	-65,158,250	542,653,690	-384,009,120	158,644,570	0	0	0	0	158,644,570

* S/D/B : indicates that the service is Statutory, Discretionary or a combination of both

ADULTS AND COMMUNITIES**REVENUE BUDGET 2026/27**

Net Budget 2025/26 £		*	Employees £	Running Expenses £	Internal Income £	Gross Budget £	External Income £	Net Budget 2026/27 £
<u>Care Pathway - Operational Commissioning</u>								
1,092,520	Heads of Service (OC) & Lead Practitioners	S	1,153,770	50,270	0	1,204,040	-104,390	1,099,650
8,504,140	Cognitive & Physical Disability (C&PD)	S	7,763,880	1,958,620	0	9,722,500	-705,450	9,017,050
4,850,600	Learning Disability & Autism (LD&A)	S	5,581,110	46,590	-39,520	5,588,180	-599,820	4,988,360
8,555,390	Mental Health & Safeguarding (MH&S)	S	9,345,960	2,279,560	0	11,625,520	-2,108,680	9,516,840
23,002,650	TOTAL		23,844,720	4,335,040	-39,520	28,140,240	-3,518,340	24,621,900
<u>Care Pathway - Integration, Access & Prevention</u>								
289,360	Heads of Service (IAP) & Strategic Service Managers	S	739,720	269,770	-74,010	935,480	-680,790	254,690
-25,290	Integration Team	D	386,820	179,000	0	565,820	-596,040	-30,220
3,485,270	Access & Digital Services	S	4,629,680	1,264,120	-51,340	5,842,460	-2,277,180	3,565,280
10,855,680	Home First	S	15,959,300	856,990	0	16,816,290	-5,042,390	11,773,900
14,605,020	TOTAL		21,715,520	2,569,880	-125,350	24,160,050	-8,596,400	15,563,650
<u>Direct Services</u>								
599,990	Direct Services Managers	S	547,620	3,640	0	551,260	0	551,260
5,565,790	Supported Living, Residential and Short Breaks	S	5,222,220	161,030	0	5,383,250	0	5,383,250
361,270	Shared Lives Team	D	320,590	26,800	0	347,390	0	347,390
25,620	Direct Services Review	S	2,000	-138,130	0	-136,130	0	-136,130
6,552,670	TOTAL		6,092,430	53,340	0	6,145,770	0	6,145,770
<u>Early Intervention & Prevention</u>								
629,370	Extra Care	S	0	629,370	0	629,370	0	629,370
0	Eligible Services	B	0	481,430	0	481,430	-281,430	200,000
990,290	Secondary (e.g. Carers & Community Assessments)	B	0	971,790	0	971,790	0	971,790
325,310	Tertiary (e.g. Advocacy)	B	0	663,810	-54,000	609,810	-257,970	351,840
1,944,970	TOTAL		0	2,746,400	-54,000	2,692,400	-539,400	2,153,000
<u>Strategic Services</u>								
295,030	Heads of Strategic Services	S	308,490	1,400	0	309,890	0	309,890
2,296,360	Business Support & Strategy and Planning	S	2,056,550	284,080	-22,580	2,318,050	0	2,318,050
2,861,440	Commissioning & Quality	S	4,093,180	278,330	0	4,371,510	-1,456,830	2,914,680
5,452,830	TOTAL		6,458,220	563,810	-22,580	6,999,450	-1,456,830	5,542,620
<u>Demand Led Commissioned Services</u>								
99,662,800	Residential & Nursing Care	S	0	153,836,550	0	153,836,550	-50,741,780	103,094,770
1,576,680	Shared Lives Residential	S	0	1,576,670	0	1,576,670	0	1,576,670
48,863,820	Supported Living	S	0	51,526,850	0	51,526,850	0	51,526,850
51,678,790	Home Care	S	0	50,238,790	0	50,238,790	0	50,238,790
46,057,030	Direct Cash Payments	S	0	46,007,030	0	46,007,030	0	46,007,030
9,907,690	Community Life Choices (CLC)	S	0	10,252,690	0	10,252,690	0	10,252,690
590,750	Shared Lives - CLC	S	0	590,750	0	590,750	0	590,750
75,000	Other Support	S	0	75,000	0	75,000	0	75,000
-39,300,040	Non-Residential Income	S	0	0	0	0	-40,565,040	-40,565,040
219,112,520	TOTAL		0	314,104,330	0	314,104,330	-91,306,820	222,797,510
-39,833,370	<u>Better Care Fund (Balance)</u>	S	0	0	0	0	-43,055,720	-43,055,720
1,246,750	<u>Department Senior Management</u>	S	978,640	434,570	30,250	1,443,460	-232,420	1,211,040
232,084,040	TOTAL ASC		59,089,530	324,807,370	-211,200	383,685,700	-148,705,930	234,979,770
<u>Communities and Wellbeing</u>								
375,520	C&W Senior Management	B	369,310	5,500	-35,090	339,720	0	339,720
2,477,090	Libraries Operational	S	2,433,690	337,000	-8,240	2,762,450	-397,630	2,364,820
1,254,670	Libraries Resources	S	314,070	959,790	0	1,273,860	-30,000	1,243,860
1,060,970	Museums & Heritage	D	1,097,260	369,600	0	1,466,860	-480,550	986,310
506,310	Participation	D	463,540	24,850	0	488,390	0	488,390
1,137,990	Collections & Learning	B	1,650,740	506,840	-155,000	2,002,580	-692,990	1,309,590
0	Externally Funded Projects	D	314,170	154,190	0	468,360	-468,360	0
0	Adult Learning	D	4,691,370	1,023,900	-330,310	5,384,960	-5,384,960	0
16,040	C&W Efficiencies		0	0	0	0	0	0
6,828,590	TOTAL C&W		11,334,150	3,381,670	-528,640	14,187,180	-7,454,490	6,732,690
238,912,630	TOTAL ADULTS & COMMUNITIES		70,423,680	328,189,040	-739,840	397,872,880	-156,160,420	241,712,460

* S/D/B : indicates that the service is Statutory, Discretionary or a combination of Both

PUBLIC HEALTH DEPARTMENT**REVENUE BUDGET 2026/27**

Net Budget 2025/26 £		*	Employees £	Running Expenses £	Internal Income £	Gross Budget	External Income £	Net Budget 2026/27 £
-30,088,440	Public Health Ring-Fenced Grant		0	0	0	0	-33,109,800	-33,109,800
	Department							
3,300,580	Public Health Leadership	B	3,322,270	1,039,060	-70,890	4,290,440	-265,000	4,025,440
1,781,990	Community Delivery	B	1,965,610	813,290	-150,000	2,628,900	-925,780	1,703,120
499,850	Quit Ready	B	839,640	392,560	0	1,232,200	-60,210	1,171,990
218,560	First Contact Plus	B	416,420	0	0	416,420	-207,720	208,700
161,250	Other Public Health Services	B	0	171,250	0	171,250	0	171,250
721,920	Health Improvement	B	536,660	361,100	-245,000	652,760	0	652,760
0	Public Health Advice	B	0	0	0	0	0	0
340,740	Weight Management Service	B	320,660	17,500	0	338,160	-10,000	328,160
42,820	Mental Health	B	55,910	672,620	-433,880	294,650	-167,150	127,500
105,290	Workplace Health	D	104,150	66,900	-40,000	131,050	-34,780	96,270
7,173,000	Total		7,561,320	3,534,280	-939,770	10,155,830	-1,670,640	8,485,190
9,521,220	0-19 Children's Public Health	S	0	9,646,460	0	9,646,460	0	9,646,460
	Health Related Harms							
386,940	Domestic Violence	S	0	386,490	0	386,490	0	386,490
4,048,150	Sexual Health	S	0	4,277,140	0	4,277,140	-75,000	4,202,140
547,500	NHS Health Check programme	S	0	645,480	-125,000	520,480	0	520,480
4,078,810	Substance Misuse	S	0	6,583,970	-371,000	6,212,970	-468,070	5,744,900
9,061,400	Total		0	11,893,080	-496,000	11,397,080	-543,070	10,854,010
	Physical Activity and Obesity							
895,950	Physical Activity	B	0	895,950	0	895,950	0	895,950
10,000	Obesity Programmes	B	0	80,000	-70,000	10,000	0	10,000
905,950	Total		0	975,950	-70,000	905,950	0	905,950
610,760	Health Protection	B	401,140	29,600	0	430,740	-29,570	401,170
70,000	Tobacco Control	B	0	70,000	0	70,000	0	70,000
0	Active Together	B	1,578,770	1,243,260	-707,310	2,114,720	-2,114,720	0
659,640	Voluntary, Community, and Social Enterprise (VCSE)/Communities	B	566,590	1,066,200	-522,800	1,109,990	-449,440	660,550
-2,086,470	TOTAL PUBLIC HEALTH **		10,107,820	28,458,830	-2,735,880	35,830,770	-37,917,240	-2,086,470

* **S/D/B** : indicates that the service is **Statutory**, **Discretionary** or a combination of **Both**

** preventative expenditure within other Departments' budgets to be identified and absorbed into the ring fenced budget

ENVIRONMENT & TRANSPORT DEPARTMENT**REVENUE BUDGET 2026/27**

Net Budget 2025/26 £		*	Employees £	Running Expenses £	Internal Income £	Gross Budget £	External Income £	Net Budget 2026/27 £
HIGHWAYS & TRANSPORT								
Development & Growth								
1,638,950	Development & Growth	S/D	2,211,650	185,630	0	2,397,280	-807,150	1,590,130
H & T Commissioning								
3,676,540	H & T Staffing & Admin	S/D	6,304,210	2,172,460	-3,286,320	5,190,350	-1,749,100	3,441,250
1,368,430	Traffic controls	S	0	1,289,580	0	1,289,580	0	1,289,580
H & T Network Management								
740,910	Road Safety	S	820,840	596,700	-363,220	1,054,320	-371,310	683,010
0	Speed Awareness	S	297,550	2,887,460	0	3,185,010	-3,196,290	-11,280
575,200	Sustainable Travel	D	0	618,010	0	618,010	-40,860	577,150
2,398,390	H & T Network Staffing & Admin	S/D	6,142,430	261,970	-693,490	5,710,910	-3,125,380	2,585,530
163,580	Traffic Management	S	0	191,000	0	191,000	-28,250	162,750
3,047,830	Public Bus Services	S/D	0	14,253,830	-2,846,880	11,406,950	-9,158,520	2,248,430
-79,560	Blue badge	S	0	96,000	0	96,000	-162,540	-66,540
100,350	Civil Parking Enforcement	S	327,420	1,543,560	-499,920	1,371,060	-1,285,270	85,790
4,400,340	Concessionary Travel	S	0	4,605,340	-182,220	4,423,120	-22,780	4,400,340
Highways and Transport Operations								
Highways Operations Services								
4,623,390	Staffing & Admin Delivery	S/D	5,780,170	321,600	-880,000	5,221,770	-95,000	5,126,770
6,237,440	Environmental Maintenance	S	1,552,600	4,660,960	-1,293,840	4,919,720	-75,000	4,844,720
3,621,430	Reactive Maintenance	S	568,790	644,470	0	1,213,260	0	1,213,260
2,033,770	Winter Maintenance	S	538,410	1,495,350	0	2,033,760	0	2,033,760
Assisted Transport Services								
2,693,630	Staffing & Admin Resourcing	S	3,212,940	97,480	-670,980	2,639,440	0	2,639,440
27,151,160	SEN Transport	S	55,000	29,119,340	0	29,174,340	-71,280	29,103,060
6,888,190	Mainstream School Transport	S	0	6,511,190	0	6,511,190	-8,000	6,503,190
6,363,040	Social Care Transport	S/D	0	5,421,550	0	5,421,550	-182,800	5,238,750
347,780	Passenger Fleet	S/D	4,134,280	1,750,750	-5,068,400	816,630	-111,760	704,870
0	Joint Arrangements	D	0	0	0	0	0	0
Highway and Transport Technical Support Service								
2,878,820	Street Lighting Maintenance	S/D	212,180	2,198,450	0	2,410,630	-146,190	2,264,440
517,920	H & T Operations Management	S/D	490,790	5,400	0	496,190	0	496,190
194,550	Staffing, Admin & Depot Overheads	S/D	14,771,510	3,698,860	-10,323,630	8,146,740	-4,924,490	3,222,250
34,440	Cyclic Maintenance	S/D	4,640	29,800	0	34,440	0	34,440
9,420	Fleet Services	D	828,130	1,780,780	-2,544,380	64,530	-33,750	30,780
81,625,940	TOTAL		48,253,540	86,437,520	-28,653,280	106,037,780	-25,595,720	80,442,060
WASTE MANAGEMENT								
496,670	Management		474,180	1,510	0	475,690	0	475,690
Waste Management Commissioning								
1,740,180	Staffing and Admin		1,767,820	40,070	-133,000	1,674,890	0	1,674,890
302,720	Initiatives		71,740	687,750	-341,500	417,990	-135,500	282,490
53,050	Recycling & Reuse credits		0	53,050	0	53,050	0	53,050
Waste Management Delivery								
745,430	Staffing & Admin		780,950	4,450	-51,800	733,600	0	733,600
2,629,090	Landfill		0	1,227,310	0	1,227,310	0	1,227,310
19,824,800	Treatment & Contracts		0	20,966,960	0	20,966,960	0	20,966,960
-3,376,000	Dry Recycling		0	3,438,800	0	3,438,800	-6,984,800	-3,546,000
2,171,000	Composting Contracts		0	2,171,000	0	2,171,000	0	2,171,000
5,453,640	Recycling & Household Waste		3,895,810	1,778,970	0	5,674,780	-567,340	5,107,440
2,639,120	Haulage & Waste Transfer		557,720	2,318,390	0	2,876,110	-5,000	2,871,110
-1,593,430	Income		50,100	3,550	0	53,650	-1,801,430	-1,747,780
-132,000	WEEE Funding		0	0	0	0	-132,000	-132,000
30,954,270	TOTAL		7,598,320	32,691,810	-526,300	39,763,830	-9,626,070	30,137,760
Departmental & Business Management								
2,783,620	Management & Admin		2,599,350	15,070	0	2,614,420	-22,080	2,592,340
887,440	Departmental Costs		83,000	982,290	-6,000	1,059,290	-125,250	934,040
3,671,060	TOTAL		2,682,350	997,360	-6,000	3,673,710	-147,330	3,526,380
116,251,270	TOTAL ENVIRONMENT & TRANSPORT		58,534,210	120,126,690	-29,185,580	149,475,320	-35,369,120	114,106,200

CHIEF EXECUTIVE'S DEPARTMENT**REVENUE BUDGET 2026/27**

Budget 2025/26 £		*	Employees £	Running Expenses £	Internal Income £	Gross Budget	External Income £	Net Budget 2026/27 £
DEMOCRATIC SERVICES, ADMIN & CIVIC AFFAIRS								
1,439,540	Democratic Services and Administration	D	1,440,890	75,430	0	1,516,320	-198,000	1,318,320
69,000	Subscriptions	D	0	151,000	-2,000	149,000	0	149,000
113,330	Civic Affairs	D	35,930	71,810	0	107,740	-6,000	101,740
1,621,870	TOTAL		1,476,820	298,240	-2,000	1,773,060	-204,000	1,569,060
5,209,950	LEGAL SERVICES	D	4,598,590	1,800,840	-673,650	5,725,780	-534,780	5,191,000
STRATEGY AND BUSINESS INTELLIGENCE								
2,001,230	Business Intelligence	D	3,139,330	810,900	-757,950	3,192,280	-1,301,240	1,891,040
318,910	Policy and Communities	B	259,370	34,570	0	293,940	0	293,940
1,147,260	Growth Service	B	872,850	237,760	0	1,110,610	0	1,110,610
917,940	PHNE	B	1,912,680	293,730	-56,580	2,149,830	-1,354,230	795,600
1,347,710	Management and Administration	B	732,710	526,850	-43,120	1,216,440	0	1,216,440
5,733,050	TOTAL		6,916,940	1,903,810	-857,650	7,963,100	-2,655,470	5,307,630
378,280	EMERGENCY MANAGEMENT AND RESILIENCE	S	800,990	100,240	-144,320	756,910	-408,720	348,190
REGULATORY SERVICES								
2,290,480	Trading Standards	B	2,635,090	172,730	-240,490	2,567,330	-393,000	2,174,330
1,643,750	Coroners	S	554,910	1,154,540	0	1,709,450	-90,000	1,619,450
58,160	Registrars	S	1,284,950	48,300	0	1,333,250	-1,468,490	-135,240
3,992,390	TOTAL		4,474,950	1,375,570	-240,490	5,610,030	-1,951,490	3,658,540
-137,170	DEPARTMENTAL ITEMS	D	11,880	-384,050	0	-372,170	0	-372,170
16,798,370	TOTAL CHIEF EXECUTIVES		18,280,170	5,094,650	-1,918,110	21,456,710	-5,754,460	15,702,250

* S/D/B : indicates that the service is Statutory, Discretionary or a combination of Both

CORPORATE RESOURCES DEPARTMENT

REVENUE BUDGET 2026/27

Net Budget 2025/26 £		*	Employees £	Running Expenses £	Internal Income £	Gross Budget £	External Income £	Net Budget 2026/27 £
AD Finance, Transformation and Commissioning								
2,095,270	Audit and Insurance	S	1,759,770	2,695,770	-1,139,930	3,315,610	-1,262,140	2,053,470
5,005,900	Strategic Finance and Pensions	S	7,556,120	305,310	-2,885,330	4,976,100	-234,090	4,742,010
-418,540	Corporate Resources Schemes	D	16,980	147,600	-317,740	-153,160	0	-153,160
1,449,330	Commissioning Support	B	1,451,920	56,010	-105,000	1,402,930	-5,000	1,397,930
2,037,700	Transformation	D	4,359,340	29,100	-2,439,870	1,948,570	0	1,948,570
10,169,660	TOTAL		15,144,130	3,233,790	-6,887,870	11,490,050	-1,501,230	9,988,820
3,516,140	East Midlands Shared Services	B	5,487,930	2,068,730	-255,180	7,301,480	-3,814,570	3,486,910
AD IT, Communications & Digital, Customer Services								
13,674,290	Information Technology	B	8,190,620	5,345,450	-799,570	12,736,500	0	12,736,500
1,441,450	Communications & Digital Services	D	1,568,450	238,660	-480,320	1,326,790	-9,600	1,317,190
1,226,720	Customer Service	B	1,207,840	32,250	-150,000	1,090,090	0	1,090,090
16,342,460	TOTAL		10,966,910	5,616,360	-1,429,890	15,153,380	-9,600	15,143,780
Commercialism								
<u>LTS Catering</u>								
168,360	Leisure & Hospitality	D	590,080	655,130	-21,140	1,224,070	-1,057,400	166,670
-297,820	Education Catering	D	1,882,000	1,202,000	-1,056,000	2,028,000	-2,028,000	0
30,940	Beaumanor	D	1,280,750	691,850	-44,020	1,928,580	-1,694,950	233,630
206,030	Country Parks	D	643,910	540,700	0	1,184,610	-1,092,230	92,380
107,510			4,396,740	3,089,680	-1,121,160	6,365,260	-5,872,580	492,680
<u>LTS Professional & Other Services</u>								
-46,100	Bursar Service	D	325,040	16,960	-342,000	0	0	0
-46,890	LEAMIS	D	504,210	99,430	-290,000	313,640	-435,000	-121,360
-92,990			829,250	116,390	-632,000	313,640	-435,000	-121,360
94,500	<u>LTS Infrastructure</u>	D	164,950	78,990	-6,000	237,940	0	237,940
109,020	TOTAL		5,390,940	3,285,060	-1,759,160	6,916,840	-6,307,580	609,260
AD Corporate Services & Property								
Operational Property								
5,013,030	Building Running Costs	B	254,430	5,966,330	-122,000	6,098,760	-1,310,340	4,788,420
3,243,590	Building Maintenance	B	0	4,572,210	-1,398,620	3,173,590	0	3,173,590
2,202,130	Operational Property	B	2,235,540	197,150	-247,000	2,185,690	-68,000	2,117,690
98,950	Traveller Services	B	276,380	65,170	-15,000	326,550	-245,760	80,790
737,680	Forestry Services	B	604,690	381,200	-100,040	885,850	-192,000	693,850
11,295,380			3,371,040	11,182,060	-1,882,660	12,670,440	-1,816,100	10,854,340
Corporate Services								
1,196,470	Business Support Services	B	1,192,060	159,860	-172,920	1,179,000	-17,440	1,161,560
739,320	Management	B	753,480	11,170	-41,760	722,890	0	722,890
3,013,200	Human Resources	B	2,769,570	131,330	-40,000	2,860,900	-6,500	2,854,400
1,432,410	Learning & Development	B	1,617,200	84,070	-140,440	1,560,830	-169,810	1,391,020
-426,750	LTS Property Services	B	2,609,130	1,376,410	-3,994,420	-8,880	-464,500	-473,380
2,720,580	Strategic Property	B	2,115,110	1,391,160	-699,110	2,807,160	-373,430	2,433,730
-102,850	HR Services	D	1,164,820	118,410	-284,530	998,700	-1,159,050	-160,350
8,572,380			12,221,370	3,272,410	-5,373,180	10,120,600	-2,190,730	7,929,870
19,867,760	TOTAL		15,592,410	14,454,470	-7,255,840	22,791,040	-4,006,830	18,784,210
Investing in Leicestershire Programme								
-877,490	Rural	D	0	594,010	0	594,010	-1,399,000	-804,990
-1,162,050	Industrial	D	0	1,215,800	-250,000	965,800	-2,869,200	-1,903,400
-4,535,560	Office	D	0	767,150	0	767,150	-5,000,200	-4,233,050
-2,064,120	Other	D	0	2,167,000	0	2,167,000	-3,864,780	-1,697,780
-8,639,220	TOTAL		0	4,743,960	-250,000	4,493,960	-13,133,180	-8,639,220
0	Central Items	B	0	-1,600,000	0	-1,600,000	-185,000	-1,785,000
41,365,820	TOTAL CORPORATE RESOURCES		52,582,320	31,802,370	-17,837,940	66,546,750	-28,957,990	37,588,760

* S/D/B : indicates that the service is Statutory, Discretionary or a combination of Both

CORPORATE & CENTRAL ITEMS**REVENUE BUDGET 2026/27**

Net Budget 2025/26 £		*	Employees £	Running Expenses £	Internal Income £	Gross Budget £	External Income £	Net Budget 2026/27 £
<u>CORPORATE</u>								
-2,285,000	DSG (Central Dept recharges)	S	0	0	0	0	-2,285,000	-2,285,000
8,000,000	MTFS Risks Contingency	B	0	8,000,000	0	8,000,000	0	8,000,000
8,500,000	Contingency for Inflation / Living Wage **	B	7,585,000	11,665,000	0	19,250,000	0	19,250,000
14,215,000	TOTAL CORPORATE BUDGETS		7,585,000	19,665,000	0	27,250,000	-2,285,000	24,965,000
<u>CENTRAL ITEMS</u>								
14,800,000	Financing of Capital	B	0	14,830,000	0	14,830,000	-2,430,000	12,400,000
-12,000,000	Bank & Other Interest	B	0	0	0	0	-11,000,000	-11,000,000
Central Expenditure								
1,400,000	Pensions (pre LGR /LGR)	S	0	1,300,000	0	1,300,000	0	1,300,000
1,483,600	Members Expenses & Support etc	S	1,379,300	100,000	0	1,479,300	0	1,479,300
340,000	Flood Defence Levies	S	0	340,000	0	340,000	0	340,000
500,000	Elections	S	0	500,000	0	500,000	0	500,000
-400,000	Financial Arrangements etc	B	0	516,000	0	516,000	-915,000	-399,000
-50,000	Car Leasing	B	0	0	-50,000	-50,000	0	-50,000
3,273,600			1,379,300	2,756,000	-50,000	4,085,300	-915,000	3,170,300
6,073,600	TOTAL CENTRAL ITEMS		1,379,300	17,586,000	-50,000	18,915,300	-14,345,000	4,570,300

* **S/D/B** : indicates that the service is **S**tatutory, **D**iscretionary or a combination of **B**oth

** 2025/26 contingency of £34.4m less £16.7m transferred to Departmental budgets and £9.2m adjustment for Pensions contribution changes

CHILDREN & FAMILY SERVICES - CAPITAL PROGRAMME 2026-30

APPENDIX F

Estimated Completion Date	Gross Cost of Project £000		Capital Programme				
			2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	Total £000
Mar-30	49,097	<u>MAIN GRANT FUNDED PROGRAMME</u>					
		Provision of Additional School Places	28,425	16,085	4,047	540	49,097
Mar-29	26,958						0
		Provision and Improvement of SEND Places	7,158	18,900	900	0	26,958
Mar-30	8,000	Strategic Capital Maintenance	2,000	2,000	2,000	2,000	8,000
Mar-30	1,600	Schools Devolved Formula Capital	400	400	400	400	1,600
Mar-30	1,200	Schools Access / Security	300	300	300	300	1,200
Mar-27	48	Music Hub Equipment	48				48
Mar-27	275	Children's SCIP - Residential Home	275				275
							0
		Other Capital	3,023	2,700	2,700	2,700	11,123
		Overall Total	38,606	37,685	7,647	3,240	87,178

Future Developments - subject to further detail and approved business cases

Additional School Infrastructure arising from Housing Developments
 SEN Provision arising from new housing development
 Further Residential Opportunities

ADULTS & COMMUNITIES - CAPITAL PROGRAMME 2026-30

Estimated Completion Date	Gross Cost of Project £000		Capital Programme				
			2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	Total £000
Mar-30	22,072	Disabled Facilities Grant (DFG)	5,518	5,518	5,518	5,518	22,072
			5,518	5,518	5,518	5,518	22,072
Mar-29	3,758	<u>Social Care Investment Plan (SCIP):</u>					
		SCIP - Extra Care schemes	2,920	419	419		3,758
		Sub-Total SCIP	2,920	419	419	0	3,758
		Total A&C	8,438	5,937	5,937	5,518	25,830

Future Developments - subject to further detail and approved business cases

Archives, Collections and Learning Centre

ENVIRONMENT & TRANSPORT - CAPITAL PROGRAMME 2026-30

Estimated Completion Date	Gross Cost of Project £000		Capital Programme				
			2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	Total £000
		<u>Major Schemes</u>					
Apr-27	19,600	Zouch Bridge Replacement - Construction and Enabling Works	3,675	76			3,750
Mar-30	12,174	Advance Design / Match Funding	3,248	2,975	2,975	2,976	12,174
Mar-27	9,870	Melton Depot Replacement	9,321				9,321
Mar-28	2,509	Market Harbough improvements	2,421	88			2,509
Mar-30	3,818	Leicestershire Cycling Walking Improvements Plan Delivery	809	1,228	891	890	3,818
Mar-27	1,880	The Parade Oadby Cyclops	1,000				1,000
Mar-29	3,151	Local Electric Vehicle Infrastructure (LEVI) Full Roll out	299	599	2,237		3,135
							0
			20,773	4,965	6,103	3,866	35,707
		<u>Minor Schemes / Other</u>					
Mar-30	11,115	Local Authority Bus Grant (LABG)	2,697	2,752	2,806	2,860	11,115
Mar-28	1,528	Property Flood Risk Alleviation - funded externally + LCC	1,176	352			1,528
Mar-30	8,909	Safety Schemes	2,512	2,327	1,975	2,095	8,909
Mar-30	1,829	Active Travel Improvements	620	309	430	470	1,829
Mar-30	400	Plant renewals	100	100	100	100	400
Mar-28	575	Highways Depot Improvements	200	200			400
Mar-30	14,538	County Council Vehicle Replacement Programme	4,540	3,436	4,880	1,682	14,538
Mar-28	1,479	Externally Funded Schemes	1,128	351			1,479
			12,973	9,827	10,191	7,207	40,198
		<u>Transport Asset Management</u>					
Mar-30	19,884	Capital Schemes and Design	4,784	5,033	5,034	5,033	19,884
Mar-30	8,805	Bridges	1,755	1,385	1,165	4,500	8,805
Mar-30	3,320	Highways Flood alleviation	600	925	925	870	3,320
Mar-30	13,050	Street Lighting	3,398	3,320	3,321	3,011	13,050
Mar-30	4,231	Traffic Signal Renewal	866	1,199	1,174	992	4,231
Mar-30	49,037	Preventative Maintenance - (Surface Dressing)	11,780	12,509	13,336	11,412	49,037
Mar-30	66,883	Restorative (Patching)	14,436	15,671	17,515	19,261	66,883
Apr-29	1,711	Public rights of way maintenance	661	517	517	16	1,711
Mar-30	1,400	Network Performance & Reliability	350	350	350	350	1,400
Mar-30	27,056	Other LTG Funds - to be allocated across the TAM	0	5,978	7,844	13,234	27,056
			38,630	46,887	51,181	58,679	195,377
		<u>Environment & Waste</u>					
Mar-30	148	Ashby Canal	37	37	37	37	148
Mar-30	1,628	Recycling Household Waste Sites - General Improvements	511	390	437	290	1,628
Mar-27	490	Recycling Household Waste Sites - S.106 funded schemes	490				490
Mar-28	1,139	Food Waste Treatment Service Delivery	288	851			1,139
			1,326	1,278	474	327	3,405
		Total E&T	73,702	62,957	67,949	70,079	274,687

Future Developments - subject to further detail and approved business cases

New Melton RHWS
Compaction equipment
Green vehicle fleet
Windrow Composting Facility

CORPORATE RESOURCES - CAPITAL PROGRAMME 2026-30

Estimated Completion Date	Gross Cost of Project £000		Capital Programme				
			2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	Total £000
		<u>ICT</u>					
Mar-28	903	Cisco Network Equipment		600			600
Mar-28	240	Replacement of IT Service Management toolset and User Portal (Marval)		240			240
Mar-29	1,700	Hyper-Converged Infrastructure (HCI) Refresh/re-license	150	300	331		781
Mar-29	100	Remote Access Refresh			76		76
Mar-30	1,949	Backup System Replacement				1,000	1,000
Mar-30	199	Wireless Access points				199	199
Mar-27	70	Wireless Controllers	70				70
Mar-30	2,943	Workplace Strategy - EUD Refresh (PC, laptop)	734	770	835	604	2,943
Mar-27	200	Loadbalancers	200				200
Mar-27	300	Perimeter Firewalls	300				300
		Sub total ICT	1,454	1,910	1,242	1,803	6,409
		<u>Property Services</u>					
Mar-30	495	Boiler Replacement Programme	270	95	75	55	495
Mar-27	65	County Hall installation of UPS to CWC's	65				65
Mar-27	75	Bosworth Battlefield car park	75				75
Mar-27	100	Energy initiatives	100				100
		Sub total Property Services	510	95	75	55	735
		Total Corporate Resources	1,964	2,005	1,317	1,858	7,144

Future Developments - subject to further detail and approved business cases

ICT Future Development:

End of life replacements and security improvements

Property Services

Minimum Energy Efficiency Standards (MEES)

Snibston ancient monument - (SAM)

End of life gas boiler replacement

Country Parks Future Developments:

Watermead café and car park changes

County Parks ANPR ticketless car parking expansion

Beaumanor Hall

Broombriggs Farm Cottage - refurbishment

CHIEF EXECUTIVES - CAPITAL PROGRAMME 2026-30

Estimated Completion Date	Gross Cost of Project £000		Capital Programme				
			2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	Total £000
Mar-27	200	Legal - Case Management System - subject to business case	200				200
		Total Chief Executives	200	0	0	0	200

Future Developments - subject to further detail and approved business cases

Legal - Commons and Village Green Register
Trading Standards - Database replacement

CORPORATE - CAPITAL PROGRAMME 2026-30

Estimated Completion Date	Gross Cost of Project £000		Capital Programme				
			2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	Total £000
Mar-27	16,436	<u>Investing In Leicestershire Programme (IILP)</u>					
Mar-27	3,510	Airfield Business Park - Phase 3-4	700				700
May-27	690	Lutterworth East - Drive Thru Restaurants	500				500
Mar-30	1,400	M69 Junction 2 - SDA	340	50			390
Mar-30	850	County Farms Estate - General Improvements	350	350	350	350	1,400
Mar-28	3,227	Industrial Properties Estate - General Improvements	275	275	150	150	850
Mar-30	36,000	Lutterworth East - Planning and Pre-Highway construction Works	1,650	1,427			3,077
		New Investments - subject to Business Case	5,000	10,000	10,000	11,000	36,000
		Sub total IILP	8,815	12,102	10,500	11,500	42,917
		<u>Future Developments</u>					0
Mar-30	38,000	Future projects - subject to business cases		10,000	14,000	14,000	38,000
Mar-30	25,000	Capital Programme Portfolio Risk	2,500	5,000	7,500	10,000	25,000
		Sub total Future Developments	2,500	15,000	21,500	24,000	63,000
		Total Corporate Programme	11,315	27,102	32,000	35,500	105,917

Future Developments - subject to further detail and approved business cases

Sustainability / Invest to Save Schemes

CAPITAL STRATEGY 2026-30**Introduction**

This strategy sets out the County Council's approach to compiling the capital programme, its priorities, availability of funding and financial management.

The County Council's capital programme is derived primarily from the Strategic Plan. It aligns with departmental commissioning and service plans to ensure a prioritised, joined up use of resources to maximise outcomes for all Leicestershire service users, citizens and other stakeholders.

This strategy links to the Medium Term Financial Strategy, the Investing in Leicestershire Fund (IILP) Strategy and the Treasury Management Strategy. The IILP Strategy sets out the Council's approach to non Treasury Management investments made to support the Council's objectives through property and infrastructure assets that will have an element of financial return, for example supporting economic development. The level of funding available for the IILP is determined by the Capital Strategy.

The overall approach to developing the capital programme is based upon the following key principles;

- To invest in priority areas of growth including roads, infrastructure, economic growth and to support delivery of essential services.
- No discretionary Capital schemes will be added to the programme unless fully funded by external sources.
- Capital schemes will only be added to the programme once a Business Case has been completed.
- To invest in projects that generate a positive revenue return (spend to save), Minimum return on investment for new schemes: 7% return (c.10 year payback)
- Passport Government capital grants received for key priorities for highways and education to those departments.
- No new forward funding of section 106 contributions.
- Maximise external sources of income including capital receipts, section 106 housing developer contributions and bids to external funding agencies.
- No investment in capital schemes primarily for financial return where borrowing is required anywhere within the capital programme (in line with the Prudential Code).
- In exceptional circumstances limited prudential borrowing will be considered where needed to fund essential investment in service delivery.
- Thorough risk appraisal of new schemes, with adequate contingencies held.

The 4 year capital programme 2026-30 totals £501m. External funding from capital grants, section 106 agreements and third party contributions totals £320m. Without this funding being available schemes of any significant size would not be affordable by the Council.

The balance of funding required is £181m to be funded from one off revenue reserves, capital receipts and a capital funding gap of £75m - to be financed by prudential borrowing at a cost to the Council's revenue budget of around £6m p.a. over the next 40 years. This is a significant commitment to the Council given its wider financial pressures.

Funding Sources

The approach to funding is:

External Funding

- Central Government Grants – passport grants to the relevant departments, even when not ring fenced.
- External Grants - maximise bids for funding from external sources including providing matched funding where appropriate to do so, subject to approval of fulfilment conditions and any contingent liabilities.
- External Contributions – maximise section 106 developer claims / contributions to cover the full capital costs.

Discretionary Programme

- Capital Receipts – maximise individual receipts and use to fund the discretionary capital programme.
- Earmarked Capital Receipts – only to be used in situations where this is an unavoidable requirement of an external party, for example, there is a requirement to gain DfE approval for the disposal of education assets, with the related receipts to be earmarked to education assets. These will be reviewed on a case by case basis to ensure the requirement is met and to consider options for substitution of discretionary funding where appropriate.
- Revenue underspends and surplus earmarked funds – review opportunities as they arise to contribute to the discretionary capital programme.
- Prudential borrowing (internal or external borrowing) – only to be used after all other available funding. Before prudential borrowing will be considered all opportunities to maximise bids for external funding, and agreement from other partners, particularly Central Government, for additional funding, will be taken. Internal borrowing (from the Council's cash balances) will be prioritised over external borrowing.
- Leasing – due to the County Council's ability to access relatively inexpensive funding, rental / lease proposals need to be appraised to ensure additional benefits justify the financing cost over outright purchase.

Other

- Renewal reserves – held to make an annual contribution reflecting the life and replacement cost of the asset and to avoid annual variations in replacement cost. Use when the service is externally funded (commercial, partnerships, specific grants) or small scale asset owned by an individual service. Larger more significant assets will be funded through the discretionary capital programme.
- Building Maintenance – funded through the (revenue) Central Maintenance Fund (CMF). Significant lifecycle replacements to be funded through the discretionary capital programme.
- Business Rates Pool – retained levy surpluses to contribute to larger infrastructure capital projects.

Capital Requirements**Children's and Family Services**

Demand	£	Funding
Meet demand for new school places. Meet increasing demand for SEN places Children's Accommodation Strategy	High High High	Central Government grants Developer contributions (section 106) Discretionary programme and grants
Maintenance and renewal for: Maintained school estate	High	Central Government grants
Children's social care (minimal demand as commissioned service)	Low	Invest to save

Adults and Communities

Demand	£	Funding
Adult Accommodation Strategy	High	Discretionary programme
Heritage and Learning Collections Hub	Mid	Discretionary programme
Disabled Facilities Grant	Mid	Central Government grants
Maintenance and renewal for: Libraries & Heritage Community Libraries	Low Low	Discretionary programme Support external funding bids
Adult Social Care (minimal demand from commissioned service)	Low	Invest to save

Public Health

Demand	£	Funding
Public Health (minimal demand from commissioned service)	Low	Invest to save

Environment and Transport

Demand	£	Funding
Maintenance of the highway infrastructure (using asset management principles)	High	Central Government grants/ Discretionary programme
Highways Depot Improvements	High	Discretionary programme
Property Flood Risk Alleviation	High	Discretionary programme
Improvement to the highway infrastructure Major schemes Minor Schemes Advanced Design	High Mid Mid	External Funding Central Government grants Central Government grants Discretionary programme
County Council vehicle replacement programme	Mid	Discretionary programme
Maintenance and renewal of waste management infrastructure	Mid	Discretionary programme

Chief Executives

Demand	£	Funding
Case Management System	Low	Discretionary programme, invest to save
Economic Development	Low	Discretionary programme, invest to save

Corporate Resources

Demand	£	Funding
ICT Infrastructure Renew and expand Major ICT upgrades and replacements End user devices	Mid	Discretionary programme, invest to save
Property Estate* Regulatory compliance Expansion and replacement	Mid	Discretionary programme, invest to save
Climate Change Environmental Improvements	Mid	Invest to save

* maintenance of current properties funded from central maintenance fund (revenue budget)

Corporate Programme

Demand	£	Funding
Investing in Leicestershire Programme	High	Invest to save
Major Schemes Portfolio Risk	Mid	Discretionary programme
Future Developments	Mid	Discretionary programme, invest to save

External Funding

To ensure that funding is at the required level the following approach will be taken.

Children and Family Services

Preference for housing developers to directly build schools as part of developments. Maximise Department for Education capital grant through up to date capacity assessments and school place data. Submit bids, where appropriate to do so, for additional DfE capital funding when available. Take opportunities to lobby the DfE for additional funding.

Adults and Communities

Work with district councils and other partners to ensure that the Disabled Facilities Grant is at an appropriate level and how it is spent to reduce the costs of adult social care. Take opportunities to lobby the Department of Health for Social Care infrastructure grants.

Environment and Transport

Maintain Highways Infrastructure Asset Management Planning Level 3. Invest in advance design and business case development work focused on government and growth priorities to access capital grants and developer funding.

Section 106 Contributions / Forward Funding

Maximise section 106 contributions through recovery of the total costs of required developments and regular review of key assumptions used.

In addition to section 106, Community Infrastructure Levy (CIL) can be used to fund strategic infrastructure such as highways and schools. CIL is a charge that is applied to new development based on floor space. Although CIL is not currently in use in Leicestershire, the County Council is working with Charnwood Borough Council on implementing a CIL scheme to fund highways infrastructure improvements. Subject to consultation and examination, Charnwood will be implementing CIL in the financial year 2026/27. Where evidence shows that there are significant cumulative impacts associated with planned development on the County Council's areas of responsibility, the County Council will support the development of further CIL schemes across the County.

The County Council has previously forward funded investment in infrastructure projects to enable new schools and roads to be built and unlock growth in Leicestershire before funding, mainly from section 106 developer contributions, is received. This allowed a more co-ordinated approach to infrastructure development. In previous years £20m has been forward funded in the capital programme. Of this total, £9.5m has already been repaid and £5.5m is estimated to be repaid between 2025/26 and 2029/30. The balance of £5m is estimated to be repaid after 2030. When the expected developer contributions are received, they will be earmarked to the capital programme, to reduce the dependency on internal cash balances in the future.

Forward funding presents a significant financial commitment and risk for the Council. An increased reliance on developer contributions through section 106 agreements means that it may take many years for investment to be repaid. Historic agreements may not be sufficient for the actual cost of infrastructure in the high inflation environment that is currently being experienced. The drivers of inflation are having a particularly profound impact upon construction schemes. Risks could be further compounded in the event of an economic slowdown, which could delay the housing development required before section 106 contributions are to be paid. The Council's medium and longer term financial strategies are only sustainable if this funding is recovered.

The Council's approach to managing existing capital projects will therefore be:

- The funding provided by the Council is in accordance with the Council's funding strategies. The Council's medium and longer term financial strategies are only sustainable if this funding is recovered. Existing schemes are the Melton Mowbray Distributor Road North and East sections and the A511 Major Road Network (subject to business case).
- Where the Council seeks contributions from multiple developers in Area Strategies (jointly agreed strategies for specific areas), it will collect the full costs associated with highways, schools and some community infrastructure.
- The Council will ensure that delivery costs are reviewed regularly, and that inflation is applied to any cost estimates from the date that the Area Strategy is developed, not from when the relevant s106 agreement is completed.
- The justification, costs and methodology for assessing contributions will be updated and added to the Council's website as appropriate.

In order to address the significant challenge of funding infrastructure to support growth the Council's approach to managing future capital projects will be:

- The presumption that approved developments will cover the costs of all necessary infrastructure, set out by planning condition.
- Where this cannot be achieved as a result of cumulative development, the Council will collate contributions.
- However, the Council will not fund the delivery of schemes until sufficient contributions are secured.
- Where funding gaps exist, developers and local planning authorities will seek contributions from third parties (including funding organisations, i.e. relevant Government departments).
- The Council will lead and support as necessary such requests where appropriate, for example funding bids to the DfT, DfE and Homes England. External funding would be required for any match funding or significant bid development costs.
- It is recognised that if the Council prioritises education contributions and delivery of additional school places due to its statutory duty, it may at times be necessary to delay delivery of highway infrastructure, meaning that the Council could in principle accept a deterioration in conditions before infrastructure is delivered. In addition, in prioritising the delivery of education infrastructure, the Council may accept a permanent deterioration in conditions if it is not financially viable to deliver the highways and transport mitigation. However, this will not apply to infrastructure and improvements required to address severe safety impacts arising from development.
- Where the Council considers that the overall viability of the plan or development will not allow sufficient mitigation of its impacts in line with local and national policies and prospect of external third-party funding is low, it may object to its adoption/approval.

Whilst this approach significantly reduces the financial risk faced by the County Council, in the shorter term, it does not remove it entirely. Until such time as Government policy reflects and addresses the challenges faced by local authorities in meeting housing needs whilst ensuring infrastructure is available and appropriate district councils, as planning authorities, are in the best position to manage the developer contribution risk. It is therefore necessary for the district councils to work with the County Council to ensure Local Plans include policies that balance the need to support delivery of growth without exposing the County Council to further financial risk. District councils also need to work with the County Council to direct more funding towards priority infrastructure.

Discretionary Funding

The 4 year discretionary capital programme totals £181m. Funding is from the sale of Council capital assets (capital receipts), MTFS revenue contributions and earmarked reserves. Discretionary funding also includes prudential borrowing, which is unsupported by central government with the costs of financing the borrowing undertaken falling on the County Council's revenue budget. A total of £75m of prudential borrowing is included in the 2026-30 capital programme.

Capital receipts

The generation of capital receipts is a key priority for the County Council. The draft capital programme includes an estimate of £23m across the four years to 2029/30. Strategic Property Services are responsible for identifying additional capital receipts and maximising

the sale value of surplus assets. Property Services will seek opportunities to maximise the value of surplus land, for instance by obtaining planning permission. The targets for new capital receipts to fund the capital programme, are:

	General £m	Earmarked £m	Total £m
2026/27	3.1	0	3.1
2027/28	9.4	0.8	10.2
2028/29	3.6	2.7	6.3
2029/30	3.4	0	3.4
Total	19.6	3.5	23.1

The estimates include potential land sales that are subject to planning permission. In these cases the value of the site is significantly increased when planning permission is approved. However, this also comes with a significant amount of uncertainty and potential for delays.

Revenue Funding

The capital programme includes a total of £83m from one-off revenue funding of capital. These have arisen from:

- Prior year underspends – cannot be relied upon going forward.
- Released MTFS risk contingency
- Earmarked reserves no longer required

Given the Councils financial situation there have been no on-going revenue contributions to the capital programme for a number of years.

Other

For invest to save schemes, a discount rate of 7% will be used, including inflation as part of the net present value assessment in the business case. Only projects that show a positive return using these rates will be considered for inclusion in the capital programme, unless there is an overriding policy objective that justifies a lower rate with the Director of Corporate Resources agreement.

Funding from Internal Balances

A total of £75m is required to fund the programme and enable investment in schools and highway infrastructure to be made. After 2029, and by 2040 it is anticipated that the remaining £5m of forward funding will be repaid through the associated section 106 developer contributions.

Due to the strength of the County Council's balance sheet, it is possible to use internal cash balances to fund the capital programme on a temporary basis instead of raising new loans. Levels of cash balances held by the Council are currently around £400m, comprising the amounts held for reserves, provisions, minimum revenue provision (MRP) set aside for the repayment of debt, and working capital of the Council. The cost of raising external loans is estimated to exceed the cost of interest lost on cash balances by 2% to 3%.

The overall cost of using internal balances to fund £75m of investment is dependent on what happens to interest and borrowing rates over the medium to long term. Current forecasts show the cost of externally borrowing would be around £6m per annum for the next 40 years, in interest and repayment of principal - minimum revenue provision (MRP). Internal borrowing would still require MRP setting aside but net interest savings could amount to £2m per annum. But because of the uncertainty on interest rates, this position will be kept under review as part of the treasury management strategy.

The County Council's estimated amount of actual external debt as at March 2026 is £146m. This is not assumed to increase during the MTFS. The relative interest rates and cash balances will be kept under review to ensure that this is the right approach.

Affordability

The impact of the discretionary programme on the revenue budget, and forecast at the end of the MTFS is (excluding leases):

£m	2026/27	2029/30
Revenue	0.0	0.0
MRP	4.2	5.0
Interest	6.3	8.6
On-going revenue total	10.5	13.6
% Revenue budget	1.7%	1.7%
Voluntary MRP	0.0	0.0
One-off revenue/reserves	51.1	0.1
One-off revenue	51.1	0.1
Total	61.6	13.7
% Revenue budget	9.8%	1.7%

To ensure the discretionary programme remains affordable the following approach is taken to manage the MRP and interest charges:

- No new external borrowing to finance capital expenditure unless a scenario arises where external borrowing is more favourable than using internal borrowing. The balance between internal and external borrowing will be managed proactively, with the intention of minimising long-term financing costs.
- Temporarily use internal balances from the overall council cash balances in advance of their designated use.
- Review opportunities to repay debt.
- Revised MRP strategy in 2025/26 to use Annuity rates that reflect the time value of money, to be more commensurate with the return received from the actual use of the assets. This reduces the MRP in the earlier years and increases it in the later years. It should be noted that this does not reduce the amount to be set aside but delays the period over which it is to be paid.

Capital Financing Requirement (CFR)

The CFR is the measure of the Council's historic need to borrow for capital purposes. As at 31st March 2026 the CFR is forecast to be £193m compared with actual debt of £146m.

The difference of £47m is an under-borrowed position using the balance of Council investments to delay the need to take out new external debt. The forecast annual cost of borrowing in 2026/27 is £12m rising to £13.4m by 2029/30. The financing costs (external interest and MRP) are met from the revenue budget.

The planned use of internal cash balances to fund the four-year capital programme will add £75m to the CFR. Together with reductions made by MRP, the CFR is forecast to be £250m by the end of the MTFS (31 March 2030). Assuming no new external borrowing is undertaken in this period, actual debt will be £144m at that time, resulting in an under-borrowed position of £107m. This can be managed as forecast investment balances exceed this total and that interest charges for new debt is forecast to continue to be higher than the interest that can be earned on cash balances.

The detailed approach to this is covered in the Treasury Management Strategy, approved by the County Council annually in February.

Financial Management of the Capital Programme

Prioritising the Programme

The approach to compiling the capital programme is through a combination of service requirements developed by each relevant department, statutory requirements and asset management planning.

For land and building assets, Strategic Property, in conjunction with service areas, develops all the estate strategies, asset management plans and property elements of the corporate capital and revenue programmes. They seek to ensure that the Council is making full use of all assets, and any under-performing or surplus assets are identified and dealt with by either their disposal or investment to improve their usage. Outcomes from condition survey information together with on-going reviews of the property portfolio feed into the capital programme and revenue budget. The Corporate Asset Management Plan, which promotes the rationalisation of property assets, reducing running costs and cost-effective procurement of property and property services is reported annually to the Cabinet.

The Council operates the Investing in Leicestershire Programme (liLP) which invests in assets to achieve both economic development and investment returns. A copy of the liLP strategy is attached to the MTFS report. The liLP operates through the Investing in Leicestershire Fund Strategy with a view to:

- Supporting the objectives of the Council's MTFS, Corporate Asset Management Plan, Strategic Plan, its Economic Growth Plan and the County-wide Local Industrial Strategy.
- Supporting growth in the county and its economic area of influence and ensure there is a more diverse range of properties and land assets available to meet the aims of economic development.
- Maximising returns on Council owned property assets.
- Supporting the delivery of front-line services through increased income generation from existing investments, or through capital investments that will reduce operating costs.
- Maintaining a diverse portfolio of energy efficient and sustainable direct property and other investment assets which support economic growth and environmental

sustainability

- Support the Council's strategic objectives by working with partners to maintain momentum in the development of strategic sites and renewing existing employment sites and premises where there is demand thereby addressing areas of market failure.
- Contributing towards the development and implementation of the Council's Net Zero Carbon ambitions by reducing demand for energy and increasing the generation and use of renewable energy.
- Channelling new investment into schemes that:
 - Maximise the potential to address economic and social market failure;
 - Improve property assets for a direct strategic/policy purpose
 - Enhance the value and marketability of property assets enabling capital receipts to be used to support improved service delivery
 - Manage investment risk by investing in diverse sectors.
 - Support the Council in maximizing the benefit from its financial assets in a risk aware way (not including standard treasury management activity).

A total of £43m has been included in the 2026-30 capital programme. This will bring the total held to £260m (based on historic cost). Annual income returns are currently around £9m, excluding capital growth, contributing ongoing net income for the Council. Appraisal for new investments include external due diligence performed before each purchase.

The Corporate capital programme also includes additional funding of £38m for the future developments fund, and £25m as a capital programme portfolio risk contingency. The future developments fund is held to contribute towards schemes that have been identified but are not sufficiently detailed for inclusion in the capital programme at this time. There is a long list of projects that may require funding over the next 4 years. These include investment in infrastructure for schools and roads arising from increases in population, investment in health and social care service user accommodation, highways match funding of capital bids, and investment in a new archives, collections and learning centre. The list of future developments is continually refreshed. Bids against the fund will be managed through prioritisation and where possible the identification of alternative funding sources. This approach forms part of the wider strategy to ensure that the capital programme is deliverable, affordable and the risks are understood, in line with CIPFA's requirements.

The capital programme risk portfolio is there to cover adverse impacts that would potentially affect all schemes, such as exceptional excess inflation and the uncertainty of continuing current levels of government grants for highways and schools. The schemes for which a portfolio risk allocation is more likely to be needed are those which are highly complex and difficult to predict costs or external funding and are likely to span many years. Individual schemes are expected to maintain a risk register and appropriate risk contingency for known risks. The contingency should be set at the 50% likelihood level, unless agreed by the Director of Corporate Resources.

Through the budget monitoring process, risks would be identified which would point to the need to utilise a proportion of the portfolio risk allocation. To access the fund there would need to be based on clear evidence that such a scenario has arisen. A full appraisal of the scheme's cost and funding would be required to ensure that delivery is still likely to be within the scheme budget and reduced risk portfolio contingency. Decisions on when money from the portfolio risk allocation is transferred to a specific project are taken by the Director of Corporate Resources following consultation with the Cabinet Lead Member for Resources.

For highways and associated infrastructure needs, the Council's key transport policy document is the Local Transport Plan. This provides the long term strategy within which the Council manages and maintains its network. In light of the continuing financial challenge the Council's priority is only to add to the highway network where this will help to enable new housing and jobs. Furthermore, additions will normally be considered only in circumstances where specific external funding can be secured to achieve this. It is recognised that by prioritising education contributions and delivery of additional school places due to its statutory duty, it may at times be necessary to delay delivery of highway infrastructure, meaning that the Council could in principle accept a deterioration in conditions and congestion before infrastructure is delivered. However, this will not apply to infrastructure and improvements required to address severe safety impacts arising from developments.

Further improvements to the highway network will require continued pursuit of external resources such as Government grants and developer funding. In order to maximise the impact of funding that can be secured for improvements, the County Council is doing more to define the roles of the various elements of the road network so that it is able to target investment where it will be of most benefit, particularly in terms of supporting economic prosperity and growth.

Bids for funding from the discretionary programme require the completion of a capital appraisal form for each project. The forms collate detailed information on the proposed project including justification against strategic outcomes, service objectives, statutory requirements and/or asset management planning, timelines, detailed costings including revenue consequences of the capital investment, and risks to delivery. All bids for land and building projects are also supplemented by a Strategic Property scoping and assessment form. Bids are then prioritised and assessed against the discretionary funding available. The revenue costs and savings associated with approved capital projects are included in the revenue budget.

Where schemes have not yet been fully developed these are included as future developments in the capital programme. As schemes are developed they are assessed against the available resources and included in the capital programme as appropriate.

Financial Management of Delivery

The key risks to the delivery of the capital programme are overspending against the approved budget, delays in the delivery of projects/programmes thereby delaying the expected benefits and potential increased costs, and delays in or non-receipt of external contributions towards the cost of the scheme.

To ensure that capital spending and the delivery of this strategy is effectively managed:

- Programmes being reviewed in light of the most up to date information around funding available and latest priorities.
- All schemes within the programme being monitored regularly, usually monthly.
- Financial progress being reported on a regular basis throughout the year and at year end to the Cabinet and Scrutiny Commission to update them on progress and any significant variations in costs.
- Projects part or wholly funded by external contributions being separately monitored to ensure compliance with any funding conditions applicable.

- All projects are assigned a project manager appropriate to the scale of the scheme.
- The procurement of projects within the capital programme following the Council's approved contract procedure rules and procurement legislation.

The County Council confirms that it complies with paragraphs 51 to 53 of the prudential code 2021. Extracts of the relevant paragraphs are included as an annex to this strategy.

Annex 1 – Prudential Code 2021

The Council confirms that it complies with paragraphs 51 to 53 of the prudential code 2021 as below.

51. **The Prudential Code determines that certain acts or practices are not prudent activity for a local authority and incur risk to the affordability of local authority investment:**
 - **In order to comply with the Prudential Code, an authority must not borrow to invest primarily for financial return.**
 - **It is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose.**
52. The UK government's rules for access to PWLB lending at the date of this publication require (May 2022) statutory chief finance officers to certify that their local authority's capital spending plans do not include the acquisition of assets primarily for yield, reflecting a view that local authority borrowing powers are granted to finance direct investment in local service delivery (including housing, regeneration and local infrastructure) and for cash flow management, rather than to add debt leverage to return-seeking investment activity. Since:
 - access to the PWLB is important to ensure local authorities' liquidity in the long term, and
 - leveraged investment always increases downside risks, local authorities must not borrow to fund acquisitions where obtaining financial returns is the primary aim.
53. Authorities with existing commercial investments (including property) are not required by this Code to sell these investments. Such authorities may carry out prudent active management and rebalancing of their portfolios. However, authorities that have an expected need to borrow should review options for exiting their financial investments for commercial purposes and summarise the review in their annual treasury management or investment strategies. The reviews should evaluate whether to meet expected borrowing needs by taking new borrowing or by repaying investments, based on a financial appraisal that takes account of financial implications and risk reduction benefits. Authorities with commercial land and property may also invest in maximising its value, including repair, renewal and updating of the properties.

Investing in Leicestershire Programme

STRATEGY

2026-2030



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Updated January 2026



INTRODUCTION

- 1.1 Leicestershire County Council (the Council) owns and manages a portfolio of properties and other investments, with the aim of generating income to support front line services whilst also contributing to the wider strategic objectives of the Council and the economic wellbeing of the area. This portfolio (the Portfolio) is known as the Investing in Leicestershire Programme (IiLP).
- 1.2 The strategy for 2026 to 2030 is aimed at supporting the further development and ongoing management of the Portfolio, to further enhance its contribution to the delivery of the Council's strategic goals and financial resilience, as demand on services and operating costs continue to rise.
- 1.3 The strategy sets out the legal context and governance framework, under which the Council can undertake investments which are expected to contribute directly and indirectly to the strategic plan and address areas of specific economic or social market failure, health and wellbeing and environmental priorities.
- 1.4 Whilst a key priority is to continue to deliver positive outcomes for the Council from its investments, the Strategy sets out processes to ensure this is done in a transparent and safe and secure way, allowing for adequate liquidity should the Council ever need to call upon the capital invested and that risks are properly identified and managed whilst performance is monitored continuously.
- 1.5 The Strategy for 2026-30 includes reference to indirect and non-property investments also known as diversifying investments. This diversification is an important component in financial risk management.
- 1.6 The Strategy is an integral part of the Council's Medium-Term Financial Strategy (MTFS) and intrinsically linked with the Corporate Asset Management Plan (CAMP) and the Treasury Management Strategy and Annual Investment Strategy and it should be read in conjunction with these documents.
- 1.7 The Council is committed to ensuring the Portfolio provides effective and efficient assets which enhance the environment and biodiversity in the county where possible and improves the lives of communities in the county whilst generating secure, long term, income streams that allows the existing investments to assist the Council in delivery of its front-line services.



STRATEGIC OBJECTIVES

2.1 The aims of this Strategy have been aligned with the five Strategic Outcomes set out in the Council's Strategic Plan (below) which will play a key role, alongside the Medium-Term Financial Strategy, in shaping the Council's investment activities over the next four years.

Strategic outcomes



Clean and Green

- People act now to tackle climate change
- Nature and the local environment are valued, protected and enhanced
- Resources are used in an environmentally sustainable way
- The economy and infrastructure are low carbon and environmentally friendly



Great Communities

- Diversity is celebrated and people feel welcome and included
- People participate in service design and delivery
- Communities are prepared for and resilient to emergencies
- Cultural and historical heritage are enjoyed and conserved
- People support each other through volunteering



Safe and Well

- People are safe in their daily lives
- People enjoy long lives in good health
- People at the most risk are protected from harm
- Carers and people with care needs are supported to live active, independent, and fulfilling lives



Improved Opportunities

- Every child gets the best start in life
- Every child has access to good quality education
- Families are self-sufficient and enabled to be resilient
- Everyone is able to aim high and reach their full potential



Strong Economy, Transport and Infrastructure

- There is close alignment between skill supply and demand
- Leicestershire has the infrastructure for sustainable growth
- Leicestershire is an attractive place where businesses flourish
- Economic growth delivers increased prosperity for all
- Leicestershire has the right homes in the right places to meet need

2.2 The specific aims of this Strategy are to ensure investments funded or held in the Portfolio:

- Support the objectives of the Council's MTFS, Corporate Asset Management Plan, Strategic Plan, its Economic Growth Plan and the County-wide Local Industrial Strategy.
- Support growth in the county and its economic area of influence and ensure there is a more diverse range of properties and land assets available to meet the aims of economic development.
- Maximise sustainable returns on Council owned property assets.
- Supports the delivery of front-line services through increased income generation from existing investments, or through capital investments that will reduce operating costs.
- Maintain a diverse portfolio of energy efficient and sustainable direct property and other investment assets which support economic growth and environmental sustainability.
- Support the Council's strategic objectives by working with partners to maintain momentum in the development of strategic sites and renewing existing employment sites and premises where there is demand thereby addressing areas of market failure.
- Contribute towards the development and implementation of the Council's emerging Climate Resilience Delivery Plan by reducing demand for energy and delivering projects that provide additional social, economic and environmental benefits in support of the Council's strategic outcomes.
- Channelling new investment into schemes that:
 - Maximise the potential to address economic and social market failure.
 - Improve property assets for a direct strategic/policy purpose.
 - Enhance the value and marketability of property assets enabling capital receipts to be used to support improved service delivery.
 - Manage investment risk by investing in diverse sectors and asset classes.
 - Support the Council in maximizing the benefit from its financial assets in a risk aware way (not including standard treasury management activity).¹

1. Treasury Management activity with banks, local authorities and the capital market are not in the scope of this Strategy, such activities being undertaken in accordance with the Treasury Management Strategy and Investment Strategy agreed annually by the County Council.



LEGAL CONTEXT

- 3.1 Section 12 of the Local Government Act 2003 (the 2003 Act) provides a general power to invest:
*“(a) for any purpose relevant to its functions under any enactment or
(b) for the purposes of the prudent management of its financial affairs”*
- 3.2 The power contained in Section 12 (a) cannot be used for investing purely to create a return as this is not considered to be a purpose relevant to the Council’s functions whereas the power in Section 12 (b) may be used for investing to create a return as it may be prudent when used with other measures to manage the Council’s financial affairs.
- 3.3 Section 120 of the Local Government Act 1972 (the 1972 Act) provides the power for the acquisition of land by agreement (whether inside or outside the authority’s area) for the purpose of:
“Any of their functions under this or any other enactment, or the benefit, improvement or development of their area”
- 3.4 Acquisition can take place notwithstanding that the land is not immediately required for that purpose.
- 3.5 Further power is conferred upon an authority by the Localism Act 2011 (the 2011 Act). Section 1 of this Act introduced a new General Power of Competence which gave local authorities the power to conduct business transactions in a manner identical to private individuals acting within the law. This Act is widely drawn and includes reference to commercial activities which do not necessarily have to benefit the local authority’s area. However, this power is subject to a requirement that any actions being carried out for a “commercial purpose” must be done “through a company”, (i.e., a company within the meaning of s.1 (1) Companies Act 2006).
- 3.6 The approach of the County Council to date has been to rely on the powers set out in the 2003 Act. At present, this has not required the setting up of a company for its property and non-property investment activities. However, it could be necessary in the future, if the Council wishes to expand and diversify the scope of its investments. Such arrangements are not detailed in this Strategy at this stage.
- 3.7 The Strategy should be read in conjunction with the Capital Strategy, Treasury Management Strategy, the CIPFA Prudential Code and Annual Investment Strategy and taken together take into account the statutory guidance issued by the Secretary of State under the Local Government Act 2003.



STRATEGY 2026 TO 2030

- 4.1 This Strategy is a high-level summary of the Council's approach to existing and new investments. It sets out the criteria and the processes and practices that will be considered and followed when carrying out such activities.
- 4.2 The Strategy developed for 2026 to 2030 has been aligned with the Council's MTFS timetable and reflects the aspiration of the current Capital Programme to invest in assets that will secure a long-term economic and social benefit. It is designed to provide a framework that is flexible enough for the Council to participate in the property market whilst ensuring governance processes are in place, full assessments are made, and risks are minimised.

Purpose of the Portfolio

- 4.3 In respect of the Direct Property Portfolio the primary purpose of the Strategy will be to continue to facilitate:
 - 4.3.1 The development of new or existing assets to meet Council service needs where this will reduce operating costs or, for example, meet local housing needs, thereby securing benefits for the Council.
 - 4.3.2 The continued acquisition of parcels of land for development and standalone direct property investments that contribute to the attainment of policy goals or address areas of economic or social market failure.
 - 4.3.3 Make better use of underperforming investment assets already owned by the Council by considering their redevelopment or selective disposal (where appropriate) and ensuring they meet the needs of local businesses, current market expectations and address areas of market failure.
 - 4.3.4 Maintaining progress in the restructuring and rebalancing of the property portfolio.
- 4.4 The Portfolio will also utilise Treasury Management investments "Diversifiers" to provide balance to the overall portfolio, subject to any associated risks being monitored and managed. This is likely to include investments in different sectors, assets classes and geographies. These will be limited to investments that are allowable within statutory guidance and CIPFA codes to avoid any unintended consequences for the Council's wider capital financing activities.
- 4.5 The Portfolio will be reviewed, and performance of individual investments assessed on a regular basis. Where performance of an investment cannot be improved to an acceptable level, assets will be considered for disposal. The sale proceeds from such disposals will either be reinvested or used to reduce borrowing in accordance with Government guidance.
- 4.6 Alternative investments options are also kept under review (both direct and diversifiers), subject to meeting the investment criteria set out in this strategy.



Development of the Portfolio

- 4.7 The capital invested in the Portfolio as of 31 March 2025 was £205m (based on historic cost). The latest valuation of the portfolio, as of 1st April 2025, which includes capital growth in the valuation of the assets held, is £278m. The Portfolio achieved a net revenue income of £8.6m for 2024/25, a net income return of 3.0% and 5.4% when excluding development and rural sectors.
- 4.8 An overall target return for the Portfolio's existing portfolio is 7% pa over the medium term, reflecting the related risk, made up of a combination of capital growth and revenue income. The portfolio is expected to generate around £9m net income in 2026/27 excluding capital growth.
- 4.9 Decisions on how the investment programme is funded will be defined by the Council's Treasury Management and Capital Strategies and considered as part of the MTFS.
- 4.10 A total of £43m has been included in the draft 2026-30 capital programme. Including spend programmed in 2025/26 together this will bring the total held to £260m (based on historic cost). The above forecasts reflecting the need to maintain the balance between direct property investments and diversifiers in line with the Hymans review recommendations. A satisfactory business case appraisal which includes external due diligence will be required before each purchase or investment.
- 4.11 The County Council has not and does not intend to borrow to fund the investments within the Portfolio's development programme. The proposed investment included within the MTFS 2026-30 is entirely funded from revenue reserves. Decisions on the availability and proportionality of funding to fund the Capital Programme, are made through the Capital Strategy are reviewed annually as part of the MTFS, and the Treasury Management Strategy Statement and Annual Investment Strategy. These documents take into account the statutory guidance issued by the Secretary of State under the Local Government Act 2003.
- 4.12 The generation of capital receipts is a priority for the County Council. The draft capital programme includes an estimate of £16m across the four years to 2029/30. The estimate includes potential land sales that are subject to planning permission. In these cases, the value of the site is significantly increased when planning permission is approved. However, this also comes with a significant amount of uncertainty and potential for delays.



Property Portfolio Management

- 4.13 As the property portfolio nears its target level of investment its ongoing management needs to be both focused and proactive; to ensure that opportunities to enhance the financial, economic development and community benefits are maximised.
- 4.14 Included within the MTFS is reference to a 'Saving under Development' relating to the liLP. Suggesting that further opportunities should be explored within the programme to optimise returns through strategic asset management and diversification.
- 4.15 The Council's Efficiency Review is also likely to include a review of the assets held under the liLP portfolio.
- 4.16 The plan is therefore to review the overall portfolio in 2026 and develop a detailed 'Portfolio Management' plan for the existing property portfolio and priorities for future investment. The review process will be supported by accurate management information and benchmarked data and evaluated against robust performance targets.
- 4.17 The review and plan will include the office, industrial and alternative property sectors. The rural sector will be reviewed in line with the Rural Strategy, but incorporated into the overall Portfolio Management Plan.
- 4.18 The liLP programme board will receive quarterly updates as the reviews are undertaken.
- 4.19 The whole portfolio is subject to an external review every three years, the last being undertaken in January 2024. The outcomes and recommendations from the external review will be incorporated into the plan when the strategy is reviewed again in 2027.
- 4.20 The Council will continually keep under review its vacant and underutilised land and property holdings. Based on a robust decision making process it will make choices as to developing or disposing of such property.
- 4.21 Where land is suitable for development the Council will promote support for such development in District and Borough Local Plans. Recent examples of this proactive approach include emerging developments for employment use at Airfield Business Park phase 2, Market Harborough, and Leaders Farm Lutterworth. This is in addition to the promotion of land belonging to the Council and adjoining landowner partners, to provide up to 8,000 much needed homes at 2 sites at Lutterworth East and J2 M69 Stoney Stanton.
- 4.22 Where the Council is of the view that the benefit of development is better realised by more technically qualified or specialist developers, or where the Council believes that it would be prudent to share risk, then it will dispose or enter into partnership agreements.



INVESTMENT CRITERIA

5.1 When investing the Council's financial resources action will be taken to ensure:

- That principal sums invested are safeguarded as far as possible.
- That they provide adequate liquidity.
- That investment returns (or yield) are considered and balanced against potential risk factors.

5.2 Once liquidity (the ability to ensure, as far as is practicable, that should the Council wish to divest itself of an asset, it can do so without incurring any material loss) has been confirmed, the following criteria will be considered as appropriate when assessing a potential investment (including developments):

- Security of the principal capital to be invested (both for land acquisitions and development/construction proposals).
- The ability of the investment to make a positive contribution to attainment of strategic objectives or addressing areas of market failure.
- The financial return is commensurate with the risk being taken, under a range of economic scenarios.
- Any legal issues (restrictive covenants etc.) regarding the title of the land/property.
- Risk of securing planning permission, including conditions.
- Any potential liabilities (such as land contamination/asbestos).
- Sustainability (the energy performance of any existing property and its use).
- Full cost of the acquisition (land value, fees, end of life costs etc.).
- Fit with the current portfolio.
- Exit strategy.

In addition, any property investment opportunities will also be considered with regard to:

- **Economic benefit:** The number of jobs and business opportunities created/ supported and the ability of the asset to address market failure are the key elements of a potential investment together with the level of gross value added to the economy
- **Development potential income:** The total income assuming the site is fully developed (with cash flow timescales) and the restrictions on use of the funds e.g., requirement to be recycled into further such schemes/investments.
- **Tenant:** The financial standing and viability of any existing (or potential) tenants' covenants is to be considered.



- **Location:** Whilst all new investments will be made within the County or its area of economic influence more weighting is given to acquiring assets or land/or the development of property assets in areas of the county requiring regeneration in order to maximise benefits by stimulating the local economy through sustainable financial and economic growth, over the lifetime of the investment.
- **Sector:** The strength of the investment or development sector should be considered in relation to its location, rather than in isolation.
- **Building:** The age and construction of any existing buildings should be considered in the decision-making process, including its energy efficiency. The potential for future structural repairs, retrofits and refurbishment expenses for both the County Council and the occupiers should be limited as much as possible. Property let on a term which exceeds the economic life expectancy of the buildings should not be purchased.

- 5.3 Once an asset/investment opportunity has been identified, it should be considered as objectively as possible to ensure that the overall aims of the Strategy are achieved in a co-ordinated and measured way. The financial appraisal of opportunities is conducted in a consistent manner using financial metrics such as net present values and internal rates of return. Risk is considered by adjusting key assumptions to produce financial metrics under a range of possible scenarios.
- 5.4 The adequacy of the estimated benefits will be judged against the certainty of the anticipated outcomes materialising.



ENVIRONMENTAL, SOCIAL GOVERNANCE (ESG)

- 6.1 In 2018 the County Council adopted a new environment strategy ('Environment Strategy 2018 - 2030 – delivering a better future') which contains the following commitment:

"The UK Government's recent Clean Growth Strategy underlines the role that local government has in delivering and supporting our evolution to a low carbon society as we respond to these national and international commitments. The urgent need for concerted international action on climate change has been recognised by over 170 countries globally.

- 6.2 To align with the council's wider ambitions the Fund will aim to ensure that its developments will be built in as sustainable a manner as possible with the aim of minimising emissions in the construction phase and as energy efficient to occupy and operate as possible (including the use, where viable, of on-site renewable energy sources).
- 6.3 The Portfolio will be managed sustainably having regard to the emerging Climate Delivery Resilience Plan with the following aims:
- a Identify sustainability targets within the Management Plan for each sector with a view to achieving environmental improvements within the corporately agreed timescales.
 - b In respect of direct property sectors the aim will be to encourage tenants to contribute to achieving environmental improvements in the following way.
 - **Commercial property** - retrofit and energy efficiency, renewable energy generation, links to MEES regulations.
 - **Rural** - transition plans for farms.
 - **Developments** - supply chain engagement, materials guide, environmental impact of construction.
 - c Implement a Sustainability checklist as part of the strategy together with appropriate KPIs monitoring and reporting.
- 6.4 Furthermore, the developments will achieve net biodiversity gain at least equal to the statutory 10% requirement and push waste up the Waste Hierarchy by adopting a reduce, reuse, recycle approach to the management of waste particularly during the construction phase.



- 6.5 The wider public health agenda issues such as obesity, mental health, general health and wellbeing will also form part of the decision-making criteria as to what makes good development design and layout. When deciding how and where to invest, the County Council is cognisant of the economic, social and environment considerations and will seek to ensure that any development it is involved with is a sustainable development.
- 6.6 The County Council will ensure that the relevant environmental, social, and governance (ESG) standards are met when seeking to screen potential investments.
- Environmental criteria will be used to consider how the County Council performs in its responsible use and protection of the natural environment through conservation and sustainable practices to enhance ecosystem resilience and human well-being.
 - Social criteria will examine how it manages relationships within the communities around the county where the County Council owns assets.
- 6.7 Governance criteria will ensure that the controls and processes for the Fund are appropriate and followed.



FINANCIAL RETURNS

Yield

- 7.1 Whilst it is intended that future investments should be judged primarily based on the County Council's wider policy objectives; it is important to ensure that the financial performance of the assets held is acceptable.
- 7.2 The level of yield required balances security and liquidity.
- 7.3 The yield will reflect the various risks involved in the investment. By and large, the higher the level of uncertainty (e.g., a tenant with a poor credit rating) the higher the required yield would need to be.
- 7.4 The medium-term target rate of return for investments is 7% pa. There will be costs incurred in managing the Portfolio and costs associated with abortive work (feasibility studies, consultant work/staff time, unsuccessful acquisitions bids).
- 7.5 Individual lot sizes can each be considered on their merits providing they conform to the agreed overall portfolio mix.
- 7.6 Assuming that investment/development property is the only asset class of investment being considered, the overall return of a standalone investment will vary depending on the market sector, the nature of the property asset acquired and the characteristics of the tenant in the acquired property.
- 7.7 Whilst seeking to achieve the target return of 7%, the Portfolio will invest in assets that generate a return that reflects the underlying risk of the investment thereby ensuring that assets remain attractive to the market.



Internal Rate of Return

- 7.8 Whilst yield is a useful measure for assessing the merits of an investment, yield will change over the life of an investment. To give a longer-term perspective, the Internal Rate of Return (IRR) is the key metric that is used to assess the strength of an investment. The IRR is the interest rate at which the net present value of all cash flows arising from an investment is equal to zero. In calculating an estimated IRR, a number of assumptions need to be made in terms of projecting future expenditure and income streams including the future capital value of the investment holding. As a guide a minimum IRR of 7% is a high-level assessment for whether an investment is worthwhile.

Independent Review

- 7.9 It is proposed that the performance of the Portfolio and the overall Strategy should be subject to an independent review at no greater than 3-year intervals; the latest review of the Portfolio was undertaken by Hymans Robertson in January 2024.
- 7.10 The 2024 Hymans Robertson Review, as with the earlier 2020 review, considered the current economic outlook and that of the real estate investment market. Based on the make-up of the portfolio as of 31st March 2023 the review concluded that the current portfolio mix of direct property and diversifiers was appropriate and struck a reasonable balance between the positive economic, social and environmental impacts generated in the direct portfolio and the downside protection provided by the diversifier's portfolio.
- 7.11 Given the volume of new investments to be made to reach the target portfolio size and maintain the split between direct property and diversifiers, it is anticipated that the direct portfolio will see only modest new capital spend unless divestments take place. The review recommended that the Council explores opportunities to dispose of certain existing assets and recycle the capital into new developments. This will enable the Programme to maintain a high level of positive impact in the local community, as well as providing the opportunity to implement some of the portfolio refinements proposed below.
- 7.12 In addition, the review acknowledged that the development sector, is currently larger than would normally be anticipated. The disposal or future development of assets within the sector will correct the balance.



7.13 Further, the review in considering the future direction of investment strategy made the following recommendations which are summarised in the table below together with the target range for each individual sector:

Sector	Portfolio % 31/03/25	Hyman's Recommendation	Target Range % Portfolio
Direct Property			
Offices	22%	Maintain or Reduce allocation	15 - 20%
Industrial/Distribution	9%	Increase allocation	15 - 20%
Retail	0%	Selectively consider retail investments	2 - 5%
Rural	33%	Maintain allocation	25 - 30%
Other/Alternative	2%	Selectively increase	0 - 5%
Local infrastructure	0%	Consider as potential future investments	0 - 5%
Development	14%	Reduce over time	8 - 12%
Diversifiers			
Pooled Property	5%	Allow to fall but ideally not below 8% (pooled property funds being disposed of by the property managers are difficult to replace under current guidance)	3 - 8%
Private Debt	8%	Increase and diversify	15 - 20%
Pooled Infrastructure	3%	Maintain allocation	2 - 5%
Bank Risk Share	4%		3 - 8%
Corporate Lending and local infrastructure	0%	Consider as potential future investments	0 - 5%
Total	100%		

- a At the annual revaluation of direct property in 2023, the rural estate was revalued under revised guidance; the revised valuation being based on freehold vacant possession replacement value rather than investment value. The effect was to increase the holding value by £57.6m. The rural exposure on the total allocation within liLP has been increased and is currently marginally ahead of the target range.
- b The review did not recommend any major changes of direction. However, it did suggest that within the direct portfolio consideration be given to selected retail investments and recognises the potential for investment in local infrastructure assets. At present there are retail investments in development that will add to the portfolio, these are likely to be completed during 2026.
- c With respect to industrial investments, Hyman's advised to increase the allocation. The Airfield Farm Business Park will complete in 2026 which will when complete and let will bring the liLP closer to the target range stated.



- d In the case of diversifier investments, it was advised that the portfolio be rebalanced reducing the level of pooled property and maintaining the level of pooled infrastructure investments whilst increasing and diversifying the portfolio of private debt investments. At present, the level of pooled property has been reduced and infrastructure investments maintained.
- e The development segment will reduce as two current investments will be delivered during 2026 and bring the segment within the target range.
- f Future management and investment strategy and decisions will be influenced by the Hymans Robertson review with the above advice used to inform all future investment decisions forming an integral part of investment assessments which will continue to be supported by full business cases.



INVESTMENT ASSESSMENTS

- 8.1 This Strategy places emphasis on openness, transparency and consistency. It aims to ensure maximum benefit from the effective purchase and subsequent management of the Council's assets, but within a framework which can be adaptable to market conditions. Within this framework, the Council must act within the appropriate legal framework, in a demonstrably fair and open manner, and consider whole life costs.

Direct Property Investments

- 8.2 Each proposed direct property investment proposal (including both proposals to acquire and/or develop property) will be subject to a three-stage appraisal process as detailed below, although given the need to respond quickly to opportunities as they become available, a degree of flexibility is required and some of these stages may be combined.

STAGE 1 - Initial Assessment

- 8.3 The first phase of determining whether a direct property investment opportunity is worth proceeding with consists of a number of separate assessments:
- Fit with other Portfolio holdings
 - Fit with County Council priorities
 - Risk Profile
 - High level financials (revenue and potential for capital growth),
 - Tenancy Terms
 - Planning Overview
 - Site Inspection
 - Legal considerations and fit with statutory guidance
 - Valuation
- 8.4 Strategic Property Services in consultation with Strategic Finance will first prepare an Initial Appraisal Report (IAR) which is intended to answer the basic question – 'is the asset worth acquiring?'.
- 8.5 The IAR considers the likelihood of the proposed investment achieving the outcomes required, the size and barriers to entry of the market, plus its suitability to the Council's own ethical standards, the quantum of risk and complexity, the payback period and how much the Council knows about the proposal. Initial basic property details are also recorded at this time.
- 8.6 The answers to these key criteria will give a simple yet effective picture of the proposal and will allow an early decision to be made by the Director of Corporate Resources as to whether an investment is worth pursuing.



- 8.7 The process is managed the Strategic Property Services Team and the decisions summarised in a regular report to the Director of Corporate Resources.
- 8.8 A challenge can be raised through the Strategic Property Services Team, to the Director of Corporate Resources, but there must be no multiple consideration of the same proposal during the initial process. Once it has been deemed a failure, unless there is a fundamental error in the information provided or a paradigm shift on the proposal itself then the activity must cease.

STAGE 2 – Financial Appraisal and Business Case

- 8.9 Once the asset/site has passed the initial evaluation, a financial appraisal and business case will be prepared to establish the financial/budgetary implications of acquiring the property at the negotiated price.
- 8.10 An independent property advisory firm will also be consulted on the opportunity and their report made known to the Investing in Leicestershire Programme Board (the Board) if the proposal is progressed beyond stage two.
- 8.11 The aim of the financial appraisal is to assess how the acquisition will perform over the medium to long term. It will consider all the acquisition costs and any potential income, the associated risks and then assess whether the proposal is suitable from a financial perspective. The business case will also develop the non-financial benefits that are being sought from the acquisition. This process will be led by the Strategic Finance Service, but the Director and the Board will be kept advised as projects are assessed and negotiated.

Other Council Consultees

- 8.12 After the identification of an asset, it will be incumbent on Strategic Property Services as Portfolio Manager to establish whether there may be constraints on the development or use of the asset.
- 8.13 In some cases, it may be appropriate to seek planning permission for a form of development prior to acquiring land. Strategic Property Services will consult with planning and highways colleagues (and other departments as appropriate) together with external consultants to decide whether planning permission should be sought prior to acquisition (conditional contract).
- 8.14 As part of this consultation, advice will be sought on suitable alternative uses for the site/asset. In case the existing or proposed use becomes unviable in the future, it is useful to have an alternative use value. The relative monetary risk of the investment can be quantified using this information.
- 8.15 Contemporaneously with the planning audit, the Council's legal section will be asked to undertake title searches of the land to ensure that the title is clean and there are no abnormal issues with the land that would be detrimental from a legal perspective.
- 8.16 Any existing or proposed tenant will also be credit checked.



Valuation

- 8.17 Valuation advice will usually be provided by a professionally qualified member of the Council's Estates team. Where the advice required is particularly specialist or, if otherwise appropriate, valuation advice may be provided by another suitably qualified external surveyor.

STAGE 3 - Approval to Acquire/Develop

- 8.18 If the investment satisfies both stages one and two of the appraisal process, then on reaching agreement in principle as to the terms of acquisition, a detailed report will be prepared for consideration by the Board. Subject to the Board's support, acquisitions will then either be presented to the Cabinet for approval (necessary due to the size, complexity or risk (financial or reputational) of the proposed investment) or will be progressed by the Director of Corporate Resources under delegated powers. This report will set out how the acquisition is in accordance with agreed Council priorities and this Strategy.
- 8.19 Each business case will be approved by the Director of Corporate Resources (Section 151 officer) prior to presentation and discussion at the Board, which is chaired by the Lead Member for Resources.
- 8.20 All acquisitions shall have the necessary budgetary and relevant approvals before the acquisition is completed.
- 8.21 For clarity any decision that requires an approval of expenditure of less than £5 million can be made by the Director of Corporate Resources under the powers delegated by the Cabinet.
- 8.22 Any decision that requires an approval of expenditure of more than £5m will require Cabinet approval.

Surveys and Instructions

- 8.23 When all appropriate surveys (which must include an asbestos survey where the acquisition involves a building erected prior to 1999) have been satisfactorily completed or provided, the Council's legal services team will be instructed to complete the documentation associated with the acquisition.



Non-Direct Property “Diversifier” Investments

- 8.24 Notwithstanding that other non-direct property diversifier investments will be subject to approval as part of the Council’s overall treasury management, processes will similarly be subject to a selection and appraisal process as detailed below.

STAGE 1 – Initial Assessment

- 8.25 An initial assessment of the investment will be undertaken by the Strategic Finance Team and include the following assessments:
- Compliance with current Treasury Guidance and Capital Financing Regulations
 - Fit within the Diversifier portfolio
 - Risk Profile
 - Potential Returns and impact on the MTFS
 - Liquidity
 - Alignment with LCC objectives
 - Operational Complexity
- 8.26 In addition, as part of the assessment process a financial appraisal and business case will be prepared to establish the financial/budgetary implications of acquiring the investment at its current valuation/price; the business case to be approved by the Director of Corporate Resources.

STAGE 2 – Independent External Assessment

- 8.27 The Council’s appointed external investment advisor will also be consulted on the opportunity; their advice forming an integral part of the report to the Board if the proposal is progressed.

STAGE 3 – Approval to Acquire

- 8.28 On completing stages one and two of the appraisal process and on reaching agreement in principle as to the terms of acquisition, a detailed report, including the advice of the independent external advisor, will be prepared for consideration by the Board. Any changes to the financial appraisal as a result of external assessment or feedback from the Board will be reflected before presenting to the Director of Corporate Resources.
- 8.29 Subject to the Board’s support, acquisitions will then either be presented to the Cabinet for approval due to the size, complexity or risk (financial or reputational) of the proposed investment or will be progressed by the Director of Corporate Resources under delegated powers.
- 8.30 Where a potential investment falls outside of the Treasury Management Strategy approved by County Council the investment will be subject to the relevant process in order to progress the particular investment to final approval.

RISK

- 9.1 In respect of every investment there will be several risks that need to be assessed prior to a project being taken forward and then managed, mitigated and monitored throughout the life of an investment. The key risks faced by the County Council in respect of its investment activities are set out below.

Investment Risk

- 9.2 The main risk with any investment lies with the ability to ensure the value of the original investment is maintained and safeguarded through securing an ongoing income stream.
- 9.3 For direct property risk can be mitigated by, ensuring that leases are of sufficient length, the tenant is of good covenant and is financially secure. However, the following risks remain:
- 9.3.1 Should a tenant default, then whilst there are procedures to recover rent, this is not guaranteed and can be time consuming and costly.
 - 9.3.2 There are issues with holding void assets (periods of time when the investment is not income producing but the asset is incurring costs such as insurance, security, business rates, repairs etc.).
 - 9.3.3 The ability to attract tenants of sufficient quality/sound covenant will also be affected by the macro-economic situation and more regional/location factors.
- 9.4 Holding a diverse portfolio of investments including non-direct property diversifier investments help to mitigate these risks although there will always be a dependency on the overall economic situation.

Financing Risk

- 9.5 The Council is to ensure compliance with the Prudential Code for Capital Finance in Local Authorities and ensure liquidity and security of the principal capital and not to tie up resources into long term situations whereby short-term cash needs cannot be met or cannot be met without a significant financial penalty.
- 9.6 The returns generated by the Fund need to reflect the potential for the principal invested to reduce and for lost liquidity. For direct property, whilst seeking to achieve the target return of 7% on acquisition, a minimum total nominal return of 6.1% is sought in every investment (3.5% Green Book * 2.5% average inflation). This is reviewed (at least) annually for changes in the opportunity cost of the Council's resources (e.g., borrowing) and other factors such as inflation and returns available elsewhere.
- 9.7 Decisions relating to the financing of investment and/or development will be taken in conjunction with the Council's Treasury Management Strategy Statement and Annual Investment Strategy both approved each year as part of the Council's MTFS.



Reputational Risk

- 9.8 It is important that the reputation of the Council is protected during both times of financial restraint and otherwise in the investments that it makes.

Development Risk

- 9.9 This risk is specifically associated with developing property, and these are higher than those risks associated with acquiring an already built property investment. This is therefore reflected in the business case analysis.
- 9.10 Build cost over runs and delays during the pre and the main construction phases will directly affect the ability of the scheme to deliver its full economic benefits and (as above) the risk of not securing a tenant to pay the rent is higher when dealing with new builds.
- 9.11 This can be mitigated by not building speculatively but only with an identified need and potential occupier tenant already in place, legally secured through an Agreement to Lease. However, this may not always be the best strategy as some prospective tenants may wish to see the building in place first before entering a contract. Each of these scenarios will be judged on a merit basis as they arise.
- 9.12 Officers will continue to keep the Director of Corporate Resources updated on projects to ensure that risks are monitored, eradicated or mitigated (or, in project management risk terms, the strategies to be employed are treat, tolerate, transfer, terminate) where possible.

Managing Risks Direct Property Investment Appraisal Process

- 9.13 To minimise the risks associated with any investment being considered the Director of Corporate Resources will:
- 9.13.1 Consider the level of return required from the capital that is invested. Each proposal should review the liquidity of the proposed acquisition and a fully costed exit strategy should the asset underperform and is not capable of being improved.
 - 9.13.2 Undertake a cost/benefit analysis to fully understand the likely returns, identify any hidden costs and include key metrics such expected yield, internal rate of return and payback period.
 - 9.13.3 Undertake a market analysis to ascertain the likelihood of the investment being required for and successfully delivering the desired economic and social outcomes across a full range of indicators.



- 9.13.4 Consider the use of external expertise where required to enhance the internal knowledge/ skills of officers and provide a greater level of assurance on the risks and mitigations involved, with the quality of the advice measured through the performance of each individual proposal against the benchmark/ target rate as set in the original business case and reported through to the Board regularly.
- 9.13.5 Produce a risk register for each property investment opportunity and update this annually. As each risk is analysed, a score which is a factor of probability and impact will be calculated (as per chart below) to ascertain the need for prioritising any actions to either tolerate, treat, terminate or transfer each highlighted risk.

		Impact (Negative)			
		Minor	Moderate	Major	Critical
		1	2	3	4
Probability	4 Almost Certain	Medium (4)	High (8)	Very High (12)	Very High (16)
	3 Likely	Medium (3)	High (6)	High (9)	Very High (12)
	2 Possible	Low (2)	Medium (4)	High (6)	High (8)
	1 Unlikely	Low (1)	Low (2)	Medium (3)	Medium (4)

- 9.14 The property investments will be considered as part of a diverse asset portfolio, to mitigate the risk associated with any single investment proposal. This diversification will include selecting a range of proposals with mixed payback, investment levels, returns, geographical locations and investment liquidity.

Fraud and Corruption

- 9.15 The Director of Corporate Resources will ensure that risks of loss through fraud, error, corruption or other such eventualities in its investment dealings are mitigated as far as is practicable and that these systems and procedures in place to tackle this are robust.
- 9.16 The Director and officers are alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, procedures for verifying and recording the identity of counterparties (e.g., tenants) will be maintained, as will arrangements for Reporting any suspicious activity, and ensuring that all members of staff involved in such dealings are properly trained.

- 9.17 Items that will be regularly reviewed as part of every transaction will include:
 - 9.17.1 Powers to own property investments
 - 9.17.2 Money laundering risks
 - 9.17.3 Property fraud risks
 - 9.17.4 Changes to property legislation
 - 9.17.5 Appropriate third-party checks before transacting
 - 9.17.6 Due diligence in transactions
 - 9.17.7 Keeping abreast of impact of legislative changes
 - 9.17.8 Regular inspections of the assets
- 9.18 Full records of the purchase process will be kept in a separate file relating to the property and these records shall include details as to the valuation relied on in making the decision to acquire, the financial appraisal together with consents, approvals and papers recording the decisions taken under delegated powers. Such documents will form part of the public record.

Member and Officer Oversight

- 9.19 The Council will continue to ensure the prudent management of its investments and for giving priority firstly to the security of the capital.
- 9.20 The Council will continue to ensure that procedures for monitoring, assessing and mitigating the risk of loss of invested sums are robust. The Board, acting in accordance with the Terms of Reference approved by Council as part of the MTFS 2023 -27 will play a vital role in assessing investment proposals and thereafter monitoring projects and overall performance of the Portfolio.
- 9.21 Financial performance is monitored by officers and members on a regular basis. The Cabinet and the Scrutiny Commission will receive regular MTFS monitoring reports which include information on the operation of the Fund. These bodies also receive an annual report on investment activity undertaken during each financial year which also provides an update on ongoing projects.
- 9.22 Officers have continuous oversight of matters relating to property assets held for both service delivery and investment purposes. These are monitored through the Asset Management Property Group and the Corporate Property Steering Group chaired by the Director of Corporate Resources.
- 9.23 Effective management and control of risk are prime objectives in the management of the Fund. Any risk identified will form part of the managing departments Risk Register Which will be managed and mitigated and reassessed regularly in accordance with the Council's usual practice. Where appropriate, any significant risks will be captured on the Council's Corporate Risk Register which is overseen and monitored by the Council's Corporate Governance Committee.



RISK SUMMARY

- 10.1 The Portfolio is to acquire property/infrastructure investments (where investing creates the ability to address market failure or support another County Council objective), development sites (where the Portfolio will be involved in developing infrastructure, finding tenants and building schemes out with the same purpose in mind) and other property/strategic land (where there is an expectation of a future improvement and capital growth).
- 10.2 Indirect investments (diversifiers) will be held for diversification purposes, this is currently pooled property, infrastructure, bank share and debt funds. The Portfolio is unlikely to acquire surplus operational property (that is being disposed of) where it has no potential to deliver future strategic outcomes.
- 10.3 The Council must consider its ability to divest; including the length of time and the ease and cost with which said investments can be returned in their entirety.
- 10.4 It is important for the Council to consider the key requirement of the Prudential Code which requires authorities not to tie up resources into long term situations whereby short-term cash needs cannot be met or cannot be met without a significant financial penalty. There must be a clear understanding and forecast of short-term cash needs which will need to be fully provided for by the Council before it considers longer term capital tie in.
- 10.5 This portfolio view, as well as individual asset classes, will be regularly reported to the Board, the Cabinet and the Scrutiny Commission.
- 10.6 Each individual proposal will have an exit strategy clearly articulated in the original business case which will provide an indicative timeline for the repayment of capital/ returning of funds once the decision has been made to divest, subject to market conditions.



PERFORMANCE MONITORING/ BENCHMARKING

11.1 CIPFA guidance states that: -

“Performance measurement is a process designed to calculate the effectiveness of a portfolios or managers investment returns or borrowing costs, and the application of the resulting data for the purposes of comparison with the performance of other portfolios or managers, or with recognised industry standards or market indices.”

11.2 It is clearly important to monitor performance to ensure that any judgements being made are the right ones.

11.3 The Portfolio is subject to regular revaluations – with a regular review of investment methods as well as the delivery models. This will also include a regular assessment of the credit worthiness etc. of its tenants.

11.4 It is the Council’s aim to achieve stable long-term value for money from its investment activities. This will be through support to the County Council’s priorities whilst safeguarding the value and integrity of the initial investment and delivering financial returns commensurate with the level of risk undertaken.

11.5 As part of the performance reporting of the commercial programme the Board will consider not only new investment proposals, but also ongoing reporting of commercial activity outlining:

11.5.1 the performance of the portfolio,

11.5.2 the future pipeline of opportunities,

11.5.3 the investment forecast,

11.5.4 the risks and mitigations,

11.5.5 the detailed performance and commentary of each investment/development proposal within the portfolio.

11.6 The reporting will be effective enough to allow the Board to support decisions on the future of each investment proposal considering four key outcomes

Increase - the proposal is performing well, and every indicator shows that the Council should increase the amount invested to generate enhanced benefits.

Continue - the proposal is performing well, and every indicator shows that the Council should continue with the existing levels of investment.

Warning - the proposal is not performing well and should be closely monitored, and remedial action taken. If the proposals poor performance hasn’t been reversed, the Board should consider alternate strategies.

Exit/Disinvest/Stop - the proposal is not performing well, despite the Council’s best efforts, the proposal should be considered for closure as soon as practicable, and the exit strategy evoked.



- 11.7 The commercial approach of the Council must be considered against the wider CIPFA financial regulations and MHCLG guidelines.
- 11.8 Each investment made by the Council will need to be regularly valued as part of the year end accounts closure process, with different asset types requiring differing valuation methods and timings.
- 11.9 There will be an annual analysis of the portfolio mix and re-profiling of the portfolio. This includes the current estate as well as new acquisitions. There will be more regular reviews in changeable/volatile economic circumstances.
- 11.10 The Strategy should consider the Portfolio's exposure to both macro and local economic downturns and monitor financial market commentaries and reviews on the likely future courses of interest rates, exchange rates and inflation and their potential impact on the property market and yields.
- 11.11 The Strategy should allow sufficient flexibility both to take advantage of potentially advantageous changes in market conditions and to mitigate the effects of potentially disadvantageous changes.
- 11.12 Officers will report regularly to the Director of Corporate Resources and will provide an annual report to Cabinet and to the Scrutiny Commission as well as updates throughout the year.
- 11.13 Financial performance will be benchmarked against other organisations.
- 11.14 More financial technical benchmarks such as Expected Yield and Internal rate of Return are also used to provide accounting rigour regarding performance.
- 11.15 Other items such as total investment, risk profile, liquidity and exit costs for the individual activities above a certain threshold are summarised in the regular reports to the Board.
- 11.16 The Statutory Guidance on Local Government Investments (3rd Edition) which is issued under s15(1)(a) of the Local Government Act 2003 requires local authorities to develop quantitative indicators that allow Councillors and the public to assess a local authority's total risk exposure as a result of its decisions (para 22 of the Guidance).
- 11.17 Therefore, the Council has adopted the quantitative indicators as recommended by the Guidance (see Appendix A) and these, where appropriate, will form part of the Portfolio's annual report.



STAFF RESOURCES

- 12.1 The Direct Property Portfolio is managed by the Head of Strategic Property Services with support from colleagues in Property with additional legal and consultancy advice; the portfolio of diversifiers being managed by the corporate finance team. The Director of Corporate Resources will ensure that there are adequate resources employed to ensure the whole Portfolio is managed in a safe and productive manner.



APPENDIX A

Quantative Performance Indicators		Estimate 2025/26	Estimate 2029/30
Debt to net service expenditure (NSE) ratio	Gross debt as a percentage of net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority.	n/a	n/a
Commercial income to NSE ratio	Dependence on non-fees and charges income to deliver core services. Fees and charges should be netted off gross service expenditure to calculate NSE.	1.40%	1.13%
Investment cover ratio	The total net income from property investments, compared to the interest expense.	n/a	n/a
Loan to value ratio	The amount of debt compared to the total asset value.	n/a	n/a
Target income returns	Net revenue income return. (net income / historic cost)	4.49%	3.46%
Benchmarking of returns	Level of predicted market returns used as benchmark for the portfolio, includes 2.5% estimated capital growth	6.99%	5.96%
Gross and net income	The income received from the investment portfolio at a gross level and net level (less costs) over time.	£10.3m £10.7m	£8.6m £9.0m
Operating costs	The trend in operating costs of the non-financial investment portfolio over time, as the portfolio of non-financial investments expands.	£1.6m	£1.7m
Vacancy levels and Tenant exposures for non-financial investments (direct commercial property)	Monitoring vacancy levels (voids) ensure the property portfolio is being managed (including marketing and tenant relations) to ensure the portfolio is productive as possible.	5.0%	5.0%
		(40,700 sq. ft.)	(45,000 sq. ft.)
Amount of tenanted farmland disposed of vs acquired	Monitoring the size of the County Farm Estate.	5 acres sold vs	100 acres sold vs
		0 acres acquired (7,354 acres held)	100 acres acquired (7,359 acres held)
Number of tenant farmers	Monitoring how many farmers have taken leases on County Farms Properties with reference to new entrants to the farming sector.	4 new letting	4 new letting
		1 new entrant	3 new entrants
Note 1. No borrowing has been incurred to fund IILP			

The above table reflects the internally set targets for the direct property portfolio for the current year and the final year of the strategy. In addition to reflecting the contribution the portfolio makes to support of services it shows the level of returns required to meet the predicted benchmark market comparators in terms of both net income return and total return crucial in ensuring that the portfolio provides continuing value for money.

Further, the target gross and net income figure are seen to increase for both the current year and over the period reflecting the additional income to be generated on the completion of new developments such as the final phase of Airfield Farm Business Park and increases achieved through rent reviews and lease renewals with operating costs remaining relatively stable over the period.

The Rural Estate data reflects the aspiration to maintain the estate at its current size replacing any land lost to development with additional agricultural assets thereby maintaining the opportunity for new entrants to enter the farming industry and establish sustainable businesses.

The County Council has not directly borrowed to develop the liLP portfolio. This is a more prudent position given no repayments of loans or exposure to interest rate changes affect the profitability of the portfolio.

The liLPs commercial income to the County Council's net revenue budget is low at less than 1.5% for both years stated. This implies less reliance on the liLP to provide core services. The net income produced is still material at over £8m per annum.

Operating costs include among other costs the building and maintaining of a sinking fund to support the liLPs assets in for improvements or unexpected losses. We would expect that over time, operating costs as a percentage to stabilise but this would be dependant on future utilisation of the sinking fund.

Target income returns look lower than they would otherwise be given a material part of the liLP includes a rural estate which has been significantly revalued upwards in past years and yields a lower rental income than commercial property. In addition, inclusion of the development sites lowers then target income estimate given no rental income until completion and let.



APPENDIX B

INVESTING IN LEICESTERSHIRE PROGRAMME BOARD TERMS OF REFERENCE AND GOVERNANCE ARRANGEMENTS

Function

To support the increase, improvement and management of the County Council's Investing in Leicestershire Programme (the Programme) which:

- Supports the objectives of the Council's Medium Term Financial Strategy.
- Addresses areas of economic and social market failure and development of Leicestershire's infrastructure.
- Supports the delivery of front-line services through increased income generation from existing investments, or through capital investments that will reduce operating costs.
- Supports the delivery of the Council's Strategic Plan's five strategic outcomes and wider strategic objectives.
- Ensures investment risk is managed through the opportunity to invest in diverse sectors.
- Meets the objectives of the Council's Corporate Asset Management Plan, Investment in Leicestershire Programme Strategy (the Strategy), the Economic Growth Plan and Local Industrial Strategy.
- Increases the size of the property portfolio and improves the mix and quality of land and property available across the County and its area of economic influence.
- Maximises returns on Council owned property assets.
- Supports growth in the County and its economic area of influence and ensures there is a more diverse range of properties and land assets available to meet the Council's aims, including economic development and regeneration.
- Supports the Council in maximising the benefit from its financial assets in a risk aware way (not including standard treasury management activity).

Note: Treasury Management activity with banks, local authorities and the capital market are not in the scope of this Board, such activities being undertaken by the Director of Corporate Resource in accordance with the Treasury Management Strategy and Investment Strategy agreed annually by the County Council.



Role

To consider matters relating to assets held, or to be held, including:

- Property transactions which would require a decision by the Cabinet or a decision by the Director of Corporate Resources under delegated powers where there is an obligation to first consult the Board.
- Proposals to acquire property for development, or to develop or redevelop existing property assets currently used for service delivery into economic development/ investment assets.
- Proposals to acquire land to support housing development within the County
- Significant disposal proposals.
- Other investment proposals, compliant with Government guidance, aimed at generating an income and return where this is considered appropriate by the Director of Corporate Resources.
- The development of investment policies and strategies covering property and financial investments not categorised as ‘specified’ in the Council’s Investment Strategy.
- Performance (financial and non-financial) in relation to investment activity and the achievement of strategic objectives.

Governance Arrangements

The Board will comprise of a minimum of 5 Cabinet members to be appointed by the Leader, including the Cabinet Lead Member for Resources who will be Chairman of the Board.

A quorum of three Members will be required to conduct business.

The Board will meet as and when required.

Support will be given to the Board by the following (or their representative) –

- The Director of Corporate Resources
- The Head of Strategic Property
- The Director of Law and Governance
- The Head of Planning, Historic and Natural Environment (as required)
- Independent investment advisors (as required)

Meetings of the Board will be held in private in view of its function and the nature of business to be considered.



Independent Investment Advisors

Support is primarily expected from a specialist advisor with proven expertise and experience in the property investment market and access to specialist industrial, agricultural, office and retail investment areas will be appointed to provide property investment consultancy advice to the Board and to officers regarding proposed property investment activities.

The Independent Advisor will also:

- Provide market information and strategic advice on an ongoing basis in order that the Strategy can be reviewed and updated to respond quickly to changing economic and market conditions.
- Upon request by the Director of Corporate Resources, actively source investment opportunities and pursue those and such other investment opportunities as directed by the Authority on behalf of the Council, providing detailed property appraisals to assist the governance process as necessary.

Where non-property investments are being considered external advice will be taken, as appropriate. Depending upon the nature of the investment this could range from an advisor specialising in the investment area or utilisation of advice received by the Pension Fund.

Ongoing Reporting Arrangements - Management and Monitoring of Investments

Regular performance reports regarding the Programme will be presented to the Board as is considered appropriate by the Director of Corporate Resources.

Financial performance of the will be monitored regularly through a specific section in the MTFS Monitoring reports presented to the Cabinet and the Scrutiny Commission on a regular basis.

Reports will be presented to the Cabinet and the Scrutiny Commission annually in the summer regarding matters considered and supported by the Board and actions taken by the Director of Corporate Resources under delegated powers. Such reports will also set out the performance of the portfolio against the targets set out in the Corporate Asset Management Plan.

Investment Fund Strategy.

Decisions taken by the Director of Corporate Resources under delegated powers will be published on the Council's website in accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.

The Strategy will be reviewed and refreshed on an annual basis and the Corporate Asset Management Plan will be reviewed and refreshed every four years with additional annual updates during the period. Both will be presented to the Scrutiny Commission for consideration, and thereafter the Cabinet for approval.





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Risk Management

POLICY STATEMENT AND STRATEGY

Document Details:

Owner/Lead Officer	: Head of Internal Audit & Assurance Service, Corporate Resources Department
Created	: January 2026
Review Arrangements	: Annually
Next Review Date	: January 2027
Ratified by	: Chief Officers (Annually)

Risk Management Policy Statement

1. Local government in the UK will begin to plan for significant changes starting in 2026. The Government is currently reviewing numerous councils' business cases with the outcome of replacing all two-tier county and district councils with single tier unitary authorities. It also has ambitions to devolve powers across England by implementing Mayoral Strategic Authorities (MSA). Unlocking devolution will allow better alignment to public services, boost economic growth and place funding and powers closer to residents to empower communities. Reforms will have a significant impact on every community and will result in fundamental change to councils creating many risks but also significant opportunities.
2. Despite the Government outlining principles for funding reform, stressing allocations were based on robust analysis and demand drivers, last minute unexpected post-consultation changes at the end of November 2025 redirected funds to urban councils at the expense of rural areas, despite updated assessments showing county regions have the greatest increase in needs. This change in approach was confirmed when the provisional Local Government Finance Settlement for 2026/27 was published on 17 December 2025, with the decision to continue the Recovery Grant to a limited number of authorities being detrimental for Leicestershire. The provisional settlement also failed to offer enough clarity to councils on how rising demand for SEND and historic deficits will be funded and what this means for their long-term financial stability. Significant cost and demand pressures also persist in children's and adult social care and home-to-school transport. Councils face ongoing uncertainty, high service demand, and budget challenges through 2026 and beyond, raising widespread concerns about short- to medium-term sustainability and their ability to meet statutory duties.
3. The Council's four-year Strategic Plan agreed in May 2022, was refreshed to set out its revised long-term vision and priorities to 2026. The Council is continuing to operate in an extremely challenging financial climate. Whilst the proposed next four-year MTFS forecasts a balanced budget for 2026-27 (after use of £23m earmarked reserves), significant gaps remain in the following three years.
4. Local authorities that foster effective risk management and aim for a 'no surprises' culture are better positioned to meet objectives, sustain services, deliver value for money, and uphold good governance with stakeholders. Robust risk management balances protection from harm with openness to calculated risks and opportunities. While new complexities and risks will emerge, they also create chances for innovation, collaboration, transformation, community engagement, and new approaches to service delivery.
5. While protecting the most vulnerable, the Council promotes a risk-aware culture that encourages creativity and innovation. Risks are identified, understood, and proactively managed rather than avoided. Risk management is central to the Council and its partners, enabling it to meet current community needs and prepare for future challenges
6. This Policy Statement and Strategy provide an integrated framework for effective risk management. It assures stakeholders, partners, and customers of a consistent approach to managing risks and opportunities across all activities, aligned to and supporting delivery of the Council's Strategic Plan, its other plans, strategies and related programmes.
7. This Policy Statement and Strategy are fully supported by Chief Officers, who are committed to embedding risk management across the Council. Its success depends on the cooperation of all managers and employees to ensure effective use of resources. The Policy and Strategy will be presented to the Corporate Governance Committee (the Committee) and Cabinet as part of the MTFS.

Signed:

Title: Chief Executive

Date: January 2026

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Leicestershire County Council Risk Management Strategy

1.0 Defining Risk and Risk Management

Leicestershire County Council (the Council) has adopted these definitions of risk and risk management from the ISO31000:2018 'Risk management – guidelines' which are applied in the Association of Local Authority Risk Managers (ALARM) 'Risk management tool kit 2021':

Risk is defined as:
The effect (positive or negative) of uncertainty on objectives

Risk Management is defined as:
Coordinated activities to direct and control an organisation with regards to risk

By managing risk effectively, the Council will be in a better position to safeguard against potential threats and make the most of potential opportunities to and retain and improve services and continue to provide value for money.

This Risk Management Strategy outlines how the Council will use risk management to successfully deliver corporate, departmental and service objectives and priorities.

2.0 Why undertake risk management?

Statutory requirements

Part 2 of the Accounts and Audit Regulations 2015 (Internal Control) places explicit requirements on the Council around risk: -

- Paragraph 3 (c) - the Council must ensure that it has a sound system of internal control which includes effective arrangements for the management of risk;
- Paragraph 4.4 (a - iii) – the Responsible Financial Officer (the Director of Corporate Resources) must determine, on behalf of the Council financial control systems which must include measures to ensure that risk is appropriately managed;
- Paragraph 5 (1) the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management processes.

Local (external) audit requirements

Under the Local Audit and Accountability Act (2014) the Council's local (external) auditor (Grant Thornton LLP) is required to satisfy itself that the Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of its resources i.e. its value for money arrangements. Within its review of governance arrangements, the auditor considers how the council monitors and assesses risk and gains assurance over the effective operation of internal controls including arrangements to prevent and detect fraud.

Constitutional requirements

The County Council's Constitution (revised 24 November 2025), Part 3: 'Responsibility for Functions' contains several references to risk management.

- Section B: Responsibility for "County Council" functions – Corporate Governance Committee (the Committee).
 - The functions delegated to the Committee shall be all those non-executive functions relating to the promotion and maintenance of high standards and integrity within the Authority in relation to governance, risk etc
 - Committee Terms of Reference – Section 2: Governance & Risk^{1&2}
 - 2.5 - To review and monitor the effective development and operation of risk management in the Council including the Council's risk management framework.
 - 2.6 - To review and make recommendations to the County Council on the Council's Risk Management Policy Statement and Strategy.
- Section D: General scheme of delegation to Chief Officers
 - 5(h) that any exercise of delegated powers by officers, shall have identified and managed appropriate strategic and operational risks within the officer's area of responsibility

¹ These align to the oversight of risk management arrangements as being a core function of a local government Audit Committee as referred to in CIPFA's Guidance on Audit Committees 2022.

² The Council's Local Code of Corporate Governance (2022) complies with the 'Delivering Good Governance in Local Government; Framework' (2016), specifically Principle F which advises that good governance is promoted when there is management of risks and performance through robust internal control and strong public financial management.

Leadership Behaviour requirements

Risk management is central to the Council's strategic management principles. Managers systematically address risks to achieve sustained benefits across all activities, focusing on identifying and treating risks. The Leadership Behaviour 'Think' reinforces informed, evidence-based decision-making and continuous improvement through reflection and evaluating the team's work and performance.

Management should evaluate risks and opportunities that will improve their service and manage those accordingly, and regularly horizon scan to understand the likely impact on their service, forward planning, weighing up any risks and making future decisions accordingly.

3.0 Benefits of risk management

Risk management is a tool that forms part of the governance system of the organisation. When applied appropriately it can bring multiple benefits - taken from the ALARM 'Risk management tool kit 2021':

Improved operational efficiency	Better delivery of intended outcomes	Maximised opportunities
Reputation protection	Achievement of the organisation's objectives	Reduced losses from workplace accidents and illnesses
Better mitigation of key risks	Demonstration of good governance	Enhanced political and community support
Protection of budgets from unexpected financial losses or increased ability to secure funding	Increased effectiveness of change projects and programmes	Protection of assets
Enabling risk taking in chosen areas	Improved management information to inform decision making and planning	Setting the desired risk culture

4.0 Risk Management Strategy objectives

The objectives of the Council's Risk Management Strategy are to:

- Fully embed risk management into the Council's culture and service planning processes, to support achievement of objectives.
- Ensure there is an effective framework for consistently identifying, assessing, managing/mitigating, reviewing, reporting and communicating risks across the Council.
- Improve the communication of the Council's approach to and importance of risk management.
- Improve the coordination of risk management activity across the Council.
- Ensure Chief Officers, Members, the Committee, and external stakeholders have assurance that the Council is mitigating risks to achieving key priorities and complying with corporate governance standards.
- Manage risk in accordance with best practice and ensure compliance with statutory requirements.
- Maintain clear roles, responsibilities and reporting lines for risk management within the Council.
- Measure and partake in regular comparison and benchmarking activity.

5.0 Risk Appetite and Risk Tolerance

The Council recognises that only by taking risks can it achieve its aims and deliver beneficial outcomes to its stakeholders.

The Institute of Risk Management (IRM) defines risk appetite as, “the amount of risk an organisation is willing to take in order to meet its strategic objectives”. A range of appetites exist for different risks, and these may change over time.

The IRM defines risk tolerance as, “the boundaries of risk taking outside of which the organisation is not prepared to venture in the pursuit of its strategic objectives”.

Risk appetite and risk tolerance help an organisation determine what high, medium, and low risk is. In deciding this, the organisation can:

- More effectively prioritise risks for mitigating actions
- Better allocate resources
- Demonstrate consistent and more robust decision making
- Clarify the thresholds above which risks need to be escalated in order that they are brought to the attention of senior management and/or Members.

Risk Appetite Statement

Chief Officers collectively agree the Council operates in a high-risk environment which is likely to persist. This requires defining acceptable risk levels (high, medium, low) by impact and likelihood, enabling prioritisation and proportionate actions aligned to decisions and service impact.

The Council will take risks in a controlled manner, reducing exposure to a level deemed acceptable. In order to take advantage of opportunities, the Council will support innovation and the imaginative use of resources. However, the Council will seek to control all highly probable risks which have the potential to:

- Cause significant harm to service users, staff and the public.
- Severely compromise the Council’s reputation.
- Significantly impact on finances.
- Significantly impact on the environment.
- Jeopardise the Council’s ability to undertake its core purpose.
- Threaten the Council’s compliance with law and regulation.
- Create opportunity for fraud and corruption or inadvertent loss through error.

Taking the above into consideration, the Council’s current **overall** risk appetite is defined as ‘**Open**’, meaning it is prepared to consider all delivery options and choose those with the greatest potential benefits, even where risks are higher. Appetite varies by activity: greater risk may be accepted to support innovation, while compliance and public confidence in the Council require a cautious approach. Specific risk appetites can be adjusted with appropriate approval by appropriate officers and/or Members. Overall, the

Council may need to accept proportionately higher risks to address growing financial challenges.

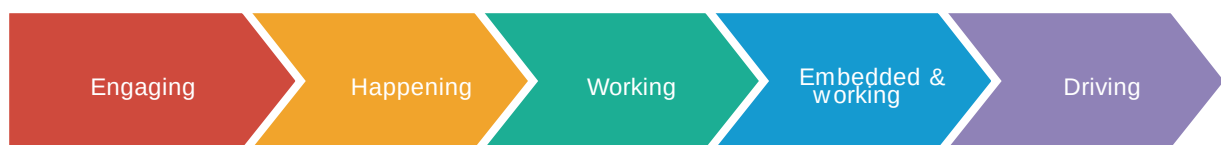
The Council will review risk appetite and tolerance annually to ensure risks are being managed adequately. **Annexes 1 and 2** provide further details.

6.0 Risk Management Maturity

All organisations are on a risk management journey with differing levels of risk management maturity. Risk management maturity refers to how well-established risk management is as a discipline across the organisation.

The Council continues to review its current risk management capability to help it direct resources in the areas that need improvement and further development, ensuring the risk management arrangements remain fit for purpose in this changing environment.

ALARM has developed and published a National Performance Model for Risk Management in Public Services (2016) to illustrate what good risk management looks like in a public service organisation. There are 5 levels.



An independent objective review of the Council's risk management arrangements by the Council's previous insurers, considered that the work undertaken by the Council further strengthened its position in respect of risk management standards and practices, thus increasing the likelihood of it attaining the higher grading of 'risk management is embedded and working' (level 4).

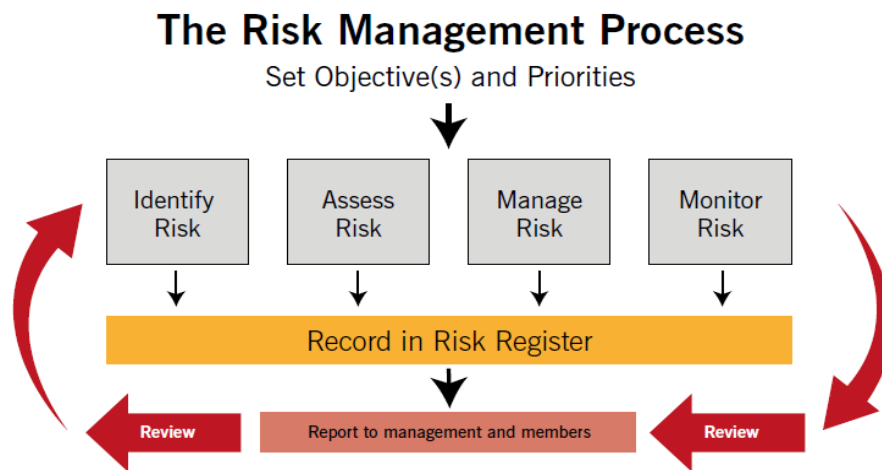
The Council has new insurers, and it is intended to arrange for their risk management team to undertake a further independent review. Pending planning with the insurer for an external evaluation, the outcome of an objective internal audit scoped, 'To evaluate how effectively Leicestershire County Council identifies, assesses, manages, and monitors risks that could impact its strategic goals, operations, and overall stability' is awaited, and recommendations for improvement will be considered.

In its report on the Council's Value for Money arrangements for 2024-25, Grant Thornton stated that the Council has reasonable arrangements to manage strategic risks with a Risk Management Policy Statement and Strategy in place. The Committee holds responsibility for risk management and is informed of changes to the Corporate Risk Register (CRR). The Auditor did not make any improvement recommendations on risk management arrangements.

The Council also networks and shares information with other similar organisations e.g. East Midland Risk Management Group (Six County Councils, five City/Borough/District Councils) which enables the Council to benchmark its position.

7.0 The Risk Management Approach and Process

Risk management is a continual process involving the identification and assessment of risks, prioritisation of them and the implementation of actions to mitigate both the likelihood of them occurring and the impact if they did. Risks and issues require different responses. Risks require proactive controls and issues require active resolutions. A risk is a potential future event. It is something that could happen, but it has not yet occurred. An issue is a problem that has already happened or is currently happening. The Council's approach to risk management will be proportionate to the decision being made or the impact of the risk, to enable the Council to manage risks in a consistent manner, at all levels.



Explanations of the stages within the risk management process:

Identify risk	A mixture of: - - Review existing registers - Has the impact or likelihood of any of the risks recorded changed significantly? Are any risks missing from the risk register? - Review outputs from independent service reviews e.g. inspections, audits - Clarify objective(s) and priorities from the Service Planning process and identify risks (or opportunities) which might prevent, delay (or alternatively escalate) achievement of objectives. Determine what are the consequences if this occurs. - Monitor local and nationwide developments considering the nature of emerging risks, threats and trends - Review relevant national reports, technical briefings, specialists and guidance.
Assess risk	- Assess the inherent risk (Impact & Likelihood) using the Council's risk assessment criteria prior to the application of any existing/known controls i.e. evaluate the "Original risk score" - Decide and agree the course of action (5T's) i.e. tolerate (accept) treat (mitigate), transfer, terminate or take the opportunity.
Manage risk	Identify and assess the controls/actions already in place to mitigate each risk to arrive at the "Current Risk score". If Current Risk score is still high even with controls: - Is the scoring correct? - Determine the best way to manage the risks – apply the 5Ts . - Determine whether the cost of implementing further mitigating control is merited when

	compared to the risk reduction benefits achieved. Develop SMART actions (i.e. specific, measurable, attainable, relevant and time-bound) and assign target dates and responsible officers to achieve the desired "Target Risk score".
Monitor, Review and Report	Use the Risk Management Matrix and Risk Tolerance levels to determine the frequency of review, monitoring, risk escalation and reporting.

Annex 2 provides details of the risk measurement criteria, risk map, risk escalation and reporting arrangements.

8.0 Application - Service, Department, Corporate & Specialist Risks

Risk management supports good governance by assuring stakeholders that risks are effectively managed. It is embedded in the Council's corporate departmental business planning process to identify and address key risks across services. Escalation provides senior management with a clear view of risks, enabling informed decisions on resource allocation and areas of concern.

There is an established framework in which consistent application of the process should ensure the flow of appropriate risk information across the Council as follows:



Service and Department Risks

The Council's Risk Management Strategy requires identifying risks linked to service or departmental priorities and defining mitigating actions. All new service/business plans must include a risk assessment, with significant risks logged in the Departmental Risk Register.

Heads of Service are responsible for identifying risks arising from their service plans assessing likelihood and impact using the Risk Matrix, recording risks where necessary, and ensuring accountability for actions within set timescales. Departmental Risk Champions provide support for risk identification and assessment

Corporate (and high scoring Departmental) risks - Corporate Risk Register (CRR)

This process will provide Chief Officers and Members with a central record of corporate risks, to ensure consideration is given to high scoring, strategic cross cutting (or Departmental) risks that could impact the financial, political or reputational arena.

- Following a timetable set for The Committee meetings, Departmental Risk Champions and management teams will review Department Registers to identify

and consider risks for escalation to the CRR, either individually or consolidated from Departmental Risk Registers.

- The Internal Audit Service will confirm that the reviews have been consistently undertaken, provide a level of challenge to the outcomes and co-ordinate the production and reporting of the CRR, through to Chief Officers and ultimately to The Committee.
- Whilst most risks are expected to come through this route it might not capture all of the strategic risks facing the Council. Therefore, horizon scanning, information from relevant publications and minutes from key meetings will also provide a basis for including additional risks on the CRR.
- A more detailed update of the CRR (providing additional information on current and further controls/actions on how the risks are being mitigated), is presented annually to the Spring Committee.

Specialist areas of risk management

Local Government Reorganisation risks

The Government is scheduled to announce before the summer parliamentary recess, its decision on reorganisation to the two-tier systems of local government in Leicestershire. Within the County Council's proposal, under the section 'Detailed Options Analysis' the risks (and benefits) of the three main options have been assessed against the Government's criteria (High Quality and Sustainable Public Services, Finance, Unlocking Devolution, Stronger Community Engagement and Neighbourhood Empowerment and Effective Representation and Governance Structure. Before the outcome is known, work will be expected to start addressing the impact of reorganisation on the Council's financing and resources, priorities, service provision, governance arrangements and staffing. A compendium of strategic and operational risks will be developed potentially using the experiences of previous reorganisations and any tools/guidance provided for example by the Ministry of Housing, Communities and Local Government (MHCLG), the Local Government Association (LGA) <https://www.local.gov.uk/publications/lgr-risks-examples-and-options-mitigation-councils>

Project, Programme and Portfolio Risks

Risks affecting project or programme objectives will be managed by the relevant Project or Programme Board. Where these risks impact strategic or departmental objectives, they should be assessed and, if necessary, escalated to the appropriate Departmental, Portfolio, or Corporate Risk Register. The decision to escalate rests with the Senior Responsible Officer (SRO) or Sponsor, supported by the Project or Programme Board.

To complement the corporate strategy, the Transformation Unit is developing and embedding detailed guidance and practice to ensure consistent and effective management of the Strategic Change Portfolio's exposure to risk which is essential to the successful delivery of change and realisation of benefits.

Project or programme closure reports must identify risks or issues to be transferred to Business as Usual (BAU), with clear ownership assigned. Where appropriate, these risks should be escalated to the relevant Departmental or Corporate Risk Register

Partnerships

Risks which could impact on achieving the partnership's objectives will be managed through the appropriate Partnership Board and associated governance structures. However, where partnership risks impact upon strategic or departmental objectives then consideration should be given as to whether those risks should be identified, assessed, and escalated to the appropriate Departmental or Corporate Risk Register. The Council's approach for identifying, assessing and managing risk within partnerships will continue to be developed.

Health, Safety & Wellbeing Risks

The Health, Safety & Wellbeing Service provides advice and guidance to managers and staff on all aspects of Health, Safety and Wellbeing. In addition to providing advice and support, the Health, Safety & Wellbeing Service also helps to monitor the performance of the organisation through audits and inspections, set targets for continual improvement, provide operational training and awareness for staff and also respond to accidents/incidents in order to ensure they are adequately investigated, and the likelihood of further harm is reduced. In addition to this there is an employee counselling service. Regular reports are provided to the Departmental Management Teams, the Chief Executive, Chief Officers, and the Council's Employment Committee. A separate risk assessment process is in place.

In 2024, new mandatory health and safety training and new and updated Occupational Health and Safety Management System (OHSMS) guidance was published. The revised guidance places a stronger emphasis on proportionate health and safety management. A revised Policy Statement was approved in September 2024. In 2025 a new 5 year health and safety strategy was approved.

Resilience and Business Continuity

Business Continuity Management (BCM) complements the Council's risk management framework and is required under the Civil Contingencies Act 2004. BCM focuses on the impact of disruption, identifying priority services and what is needed to maintain obligations. It ensures plans are in place to protect people, premises, technology, information, supply chains, stakeholders, reputation, and essential services.

The Resilience and Business Continuity Team coordinates continuity and response plans at corporate, departmental, and service levels to minimise disruption by prioritising critical functions and defining resources, roles, and responsibilities. The resilience element addresses incidents requiring multiagency coordination when BCM alone is insufficient.

The team reports annually to the Corporate Governance Committee.

Risk Financing

Risk financing is the process of deciding how an organisation will pay for loss events in the most effective and least costly way. It balances retaining and transferring risk, manages the financial impact of retained risk, and typically involves internal funding or external insurance (such as catastrophe cover from the Council's insurers).

The goal is to ensure the organisation has sufficient resources to continue its objectives after a loss. Risk financing includes identifying risks, selecting financing methods, and monitoring their effectiveness. Options include self-insurance and commercial insurance, with the choice depending on the organisation's size, financial position, risk profile, and objectives.

Under normal circumstances the Council is largely self-insured but transfers the larger risks to insurance companies by contributing premiums. In the event of a financial loss, the Council is entitled to indemnity, subject to the terms and conditions that are in place. However, not all risks can be insured e.g. service demand and these need to be managed by the Council

The Insurance Policy is revised annually, presented to the Committee in January and then to Cabinet in February to support the MTFS. The Insurance Service presents an annual report to the Committee in September.

Property and Occupants Risk Management

Following the Grenfell fire and 2017 terrorist attacks, the Council formed a corporate group to review fire safety in the Council's owned and procured properties and later broadened its scope to include its identification and management of terrorism and marauder risks. The group meets quarterly, includes representatives from across services, and works closely with insurers, brokers, and emergency services

Terms of Reference are reviewed annually against other property groups to avoid duplication or gaps. The group reports to the Director of Corporate Resources, to Chief Officers as required for any significant issues, and to the Committee annually.

A decision will be required on what role the group may take in a Protect and Prepare Group which could be established to meet the requirements of ACT for Local Authorities (an initiative led by Counter Terrorism Policing to support local government partners to embed counter terrorism considerations into their day-to-day work).

Counter Fraud

The Internal Audit Service conducts a biennial Fraud Risk Assessment (last approved December 2024), informed by national and local intelligence. This process grades fraud risk areas, identifies emerging threats, and guides the Council's Anti-Fraud and Corruption Strategy and resource allocation. Outcomes also shape the internal audit plan. New legislation and regulations are reviewed for potential fraud impact. An annual report is provided to the Committee on counter fraud and related initiatives.

Information & Technology (I&T) and Data Protection Risks

A safe and secure I&T infrastructure underpins the working of the Council, both technically and in terms of data protection. To support this, IT & Digital Services holds and maintains its own divisional risk register which, where appropriate will feed through to the Departmental and Corporate Registers. Regarding data protection, the Information Governance Team develop, maintain and monitor compliance with a wide range of policies designed to protect information and data.

Regarding the ever-increasing threat to cyber security, the Council has an established Technical Security function (headed up by the Technical Security Officer) that sits within the Architecture and Compliance Team. This function takes responsibility for identifying emerging threats and risks, maintaining the cyber risk register and planning, and monitoring ongoing activities to continually improve the council IT Security posture. The Officer reports to the Information Security Governance Group (ISGG) which is a forum for cyber security policy, risk, strategy and best practice. The ISGG also plays a key role in ensuring the organisation secures Public Services Network (PSN) compliance and its annual PSN certificate, which is necessary for maintaining access to central government and agency information systems.

To support the Technical Security function in delivering its objectives, the implementation of technical controls and operational management aspects of cyber security and governed by the IT Security Operations Group (ITSOG). The group meets fortnightly to discuss emerging cyber security concerns and ultimately aims to implement security solutions and improvements which align to LCC cyber security roadmap – the aim ultimately to strengthen the council's cyber posture.

Externally, active threats are shared with other councils through Warning, Advisory and Reporting Points (WARPs) and guidance is taken from the National Cyber Security Centre (NCSC). Arrangements are in place with an independent security specialist to provide an incident retainer service. Cyber security is integrated into the corporate risk management process.

During 2026, the Council will self-assess against the Government's Cyber Assessment Framework.

Climate Change Risks

The Climate Change Committee (CCC) was established under the Climate Change Act 2008 and advises the UK on reducing emissions and adapting to the impacts of climate change. The CCC publishes an Independent Assessment of UK Climate Risk. Every five years, the Government publishes its Climate Change Risk Assessment (CCRA) which endorses and summarises the CCC's assessment, sets out the overall government approach, responds to the priority risks identified and produces a National Adaptation Programme.

Officers refer to the CCC's Independent Assessment of UK Climate Risk and the CCRA to identify high priority risks relevant to the Council. Officers have identified three groups of services based on their key functions in relation to climate and weather-related risks. Following the last CCRA in 2022 (next due 2027) a comprehensive review and risk assessment exercise was completed. 8 high risks and 56 medium risks were identified. Recommendations included working with service areas to develop action plans to mitigate identified high risks and developing a Climate Adaptation and Resilience Strategy and Action Plan for the area.

The 2024-25 Environmental Performance Report shows that six high risks remain on the climate change register, down by two since the 2022 assessment. The identified risks relate primarily to highways and property assets, business continuity and flood risk.

Due to capacity issues, to date it has not been possible to undertake significant work to address the other climate change risks. However, the Council's Cabinet agreed in October 2025 to allocate £2m of funding (reallocated from the earmarked reserve for carbon reduction) towards a programme of flood mitigation and climate adaptation and resilience measures, including resource to update the climate risk register and identify measures that can form a realistic action plan.

Support

The above processes will be supported by the following:

- Ownership of risks (at appropriate levels) assigned to Chief Officers, managers and partners, with clear roles, responsibilities and reporting lines within the Council.
- Incorporating risk management into corporate, service and business planning and strategic and partnership working.
- Use of the ALARM Risk Management Toolkit throughout the Council
- Providing relevant training on risk management to officers and Members of the Council that supports the development of wider competencies.
- Learning from best practice and continual improvement.
- Seeking best practice through inter-authority groups and other professional bodies e.g. ALARM.

9.0 Risk Management Roles and Responsibilities - structure

The following structure is unique to the Council and is influenced by its risk management maturity, resource capacities, skill sets, internal operations and existing operating structures. The Council's risk management framework aligns to existing structures and reporting lines. **Full details** of risk management roles and responsibilities can be found in **Annex 3**.

Leadership	Corporate	Departmental	Assurance Services
• Cabinet • Lead Members • Chief Officers	• Corporate Governance Committee (CGC) which includes 2 Independent Members who provide an external perspective • Corporate Risk Management Group (CRMG)	• Department Management Teams (DMT) • Heads of Service • Programme/ Partnerships • Risk Champions • Staff	• Risk Management* • Internal Audit • Governance

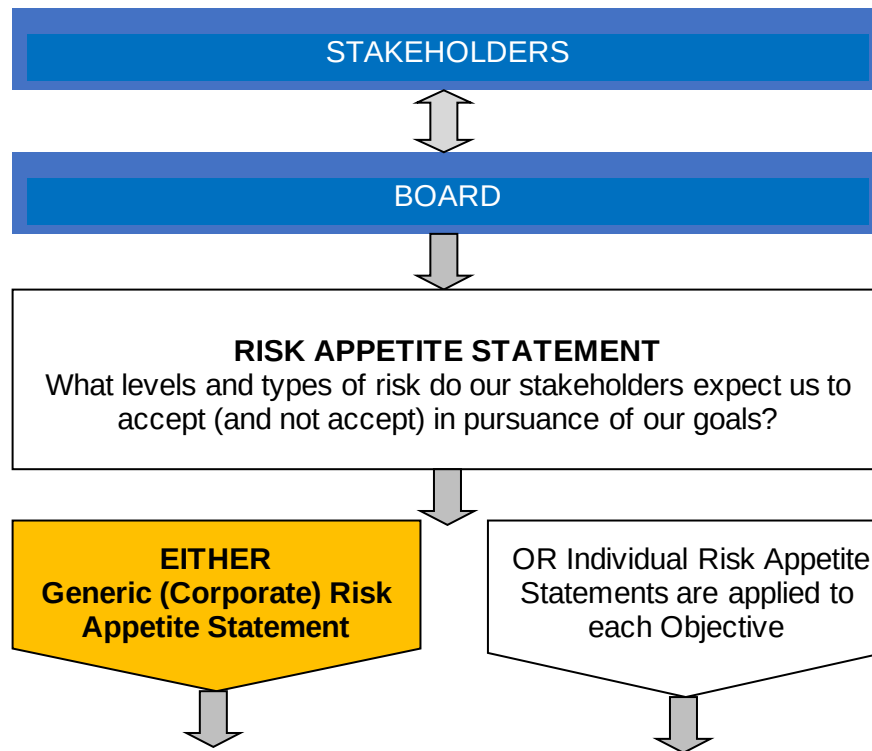
The Head of Internal Audit & Assurance Service (HoIAS) is responsible for the administration and development of, and reporting on, the Council's risk management framework (RMF). Revised Global Internal Audit Standards (GIAS) were implemented into local government from 1 April 2025. The GIAS UK (public sector) require that this 'impairment' to independence and objectivity is recorded in the Internal Audit Charter (re-approved by CGC in November 2025) and (to avoid any conflict of interests) any audits of the RMF are overseen from a manager outside of the Service.

10.0 Continuous Improvement

Regulators and risk management professionals advise that it is good practice to continuously improve risk management methodologies in line with recommendations from regular assessments and adapt to changing economic conditions.

To this effect, the Council's Risk Management Policy and Strategy and related documents will be reviewed at the specified frequency or after the release of new legislation or government guidance that affects risk management, governance, internal controls, financial management or the regulatory regime for public service organisations. They will also be reviewed following the results of any audit /review by Internal Audit Service or an external third party.

Risk Appetite



GENERIC (CORPORATE) RISK APPETITE STATEMENT AND RISK CATEGORY TYPES

AVOID	No appetite. Not prepared to accept any risks.	Risk Category examples Health & Safety, Business Critical systems, Customers, Safeguarding, Data Security, People, Climate Change /Extreme Weather
AVERSE	Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognising that these will have little or no potential for reward/return.	
CAUTIOUS	Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.	Delivery partners, Non - critical systems,
MODERATE	Tending always towards exposure to only modest levels of risk in order to achieve acceptable, but possibly unambitious outcomes.	
OPEN	Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk.	Leadership; Reorganisation and Devolution; Growth and Infrastructure Collaboration; Alternative delivery models; Integration; Transformation; Digital; Commercial trading, Property investment, Suppliers.
HUNGRY	Eager to seek original/creative/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return.	

Risk Impact Measurement Criteria

Scale	Description	Department Service Plan	Internal Operations	People	Reputation	Impact on	Impact from* ¹	Financial per annum / per loss ¹
						the Environment		
1	Negligible	Little impact to objectives in service plan	Limited disruption to operations and service quality satisfactory	Minor injuries	Public concern restricted to local complaints	None or insignificant damage		<£50k
2	Minor	Minor impact to service as objectives in service plan are not met	Short term disruption to operations resulting in a minor adverse impact on partnerships and minimal reduction in service quality.	Minor Injury to those in the Council's care	Minor adverse local / public / media attention and complaints	Minor local impact	Minor damage	£50k-£250k Minimal effect on budget/cost
3	Moderate	Considerable fall in service as objectives in service plan are not met	Sustained moderate level disruption to operations / Relevant partnership relationships strained / Service quality not satisfactory	Potential for minor physical injuries / Stressful experience	Adverse local media public attention	Moderate local impact	Moderate damage and risk of injury	£250k - £500k Small increase on budget/ cost: Handled within the team/service
4	Major	Major impact to services as objectives in service plan are not met.	Serious disruption to operations with relationships in major partnerships affected / Service quality not acceptable with adverse impact on front line services. Significant disruption of core activities. Key targets missed.	Exposure to dangerous conditions creating potential for serious physical or mental harm	Serious negative regional criticism, with some national coverage	Major local impact	Major damage and risk to life	£500-£750k. Significant increase in budget/cost. Service budgets exceeded
5	Very High/ Critical	Significant fall/failure in service as objectives in service plan are not met	Long term serious interruption to operations / Major partnerships under threat / Service quality not acceptable with impact on front line services	Exposure to dangerous conditions leading to potential loss of life or permanent physical/mental damage. Life threatening or multiple serious injuries	Prolonged regional and national condemnation. Serious damage to the reputation of the organisation i.e. front-page headlines, TV. Possible criminal, or high profile, civil action against the Council, members or officers	Major regional or national impact.	Wide scale damage and risk to life	>£750k Large increase on budget/cost. Impact on whole council

¹ Note that a different financial rating is used for the pension fund investments

Risk Likelihood Measurement Criteria

Rating Scale	Likelihood	Example of Loss/Event Frequency	Probability %
1	Very rare/unlikely	EXCEPTIONAL event. This will probably never happen/recur.	< 20%
2	Unlikely	Event NOT EXPECTED. Do not expect it to happen/ recur, but it is possible it may do so.	20-40%
3	Possible	LITTLE LIKELIHOOD of event occurring. It might happen or recur occasionally.	40-60%
4	Probable /Likely	Event is MORE THAN LIKELY to occur. Will probably happen/recur, but it is not a persisting issue.	60-80%
5	Almost Certain	Reasonable to expect that the event WILL undoubtedly happen/recur, possibly frequently.	> 80%

Risk Scoring Matrix

Impact

5 Very High/Critical	5	10	15	20	25
4 Major	4	8	12	16	20
3 Moderate	3	6	9	12	15
2 Minor	2	4	6	8	10
1 Negligible	1	2	3	4	5
	1 Very Rare/Unlikely	2 Unlikely	3 Possible	4 Probable/Likely	5 Almost certain

Likelihood

Risk Tolerance/Reporting Criteria

<u>Tolerance Levels</u>	<u>Current Risk Score</u>	<u>Expected Actions by Risk and Action Owners</u>	
White	1 to 2	Controls Monitoring = Escalation =	No action required No action required No action required
Low	3 to 6	Accept Risk or Maintain Controls Monitoring = Escalation =	Existing controls may be sufficient. No additional controls are required unless they can be implemented at very low cost (in terms of time, money, and effort). Actions to further reduce these risks are assigned low priority. Review six monthly Service/Area manager
Medium	8 to 12	Maintain Controls or Further Controls to reduce rating Monitoring = Escalation =	Controls required but consider in light of 5 Ts-Consideration should be as to whether the risks can be lowered, where applicable, to a tolerable level, but the costs of additional risk reduction measures should be taken into account (time, money and effort). Continued Proactive Monitoring/Review at quarterly / Reporting to DMT Business Partners / Relevant AD / DMT
High	15 to 25	Further Action/Controls to reduce rating Monitoring = Escalation =	Controls and further actions necessary. Substantial efforts should be made to reduce the risk. Arrangements should be made to ensure that existing controls are maintained. The risk reduction measures should be implemented within a defined period. Continued Proactive Quarterly Monitoring / Report to CGC Chief Officers /Lead Member

A Departmental risk with a current risk score of 15 or more **must** be escalated to Chief Officers (either as an addition to the Corporate Risk Register, or as an emerging risk for further debate). Risks with a current risk score of 15 will still appear on Department's registers but should only be excluded from the Corporate Risk Register after debate and approval from Chief Officers.

Risk Management Roles & Responsibilities – Detail

Leadership:

Cabinet

Understands the key risks facing the Council, determines the level of risk and ensures risk management is delivered to mitigate risks by:

- Ensuring that a risk management framework has been established and embedded.
- Approving both the Council's Risk Management and Insurance Policy Statements and Strategies as part of the Medium-Term Financial Strategy.
- Ensuring relevant risk considerations (if relevant) are included within reports which may have significant strategic policy or operational implications.

Lead Members

- Responsibility for gaining an understanding of the risks facing their area of accountability (in conjunction with the relevant Director/Chief Officer) and periodically reviewing how these risks are being managed.

Chief Officers

Leading and ensuring effective management, monitoring and review of risk management across the Council by:

- Establishing a control environment and culture in which risk can be effectively assessed and managed.
- Directing the level of risk, the Council is prepared to accept (appetite and tolerance levels).
- Encouraging the promotion of risk awareness, rather than risk avoidance.
- Reviewing and, approving the Council's corporate and strategic risks on the CRR quarterly and their importance against the Council's vision and priorities.
- Taking the role of Transformation Delivery Board in managing Portfolio Level risk.
- Taking the role of Crisis Management Group in managing any significant responses
- Assisting with the identification of significant new and emerging risks as they become known - for consideration and addition to the CRR.
- Following the review and approval of the CRR, to determine whether a potential reputation or consultation matter needs to be forwarded to the Communication Unit.
- Providing challenge to the risk scoring mechanism to ensure risks are managed by balancing undermanaging risks (unaware and no control) and over-managing them (over-control).

- Ensuring their respective portfolio lead members are regularly briefed on departmental (and corporate) risks.
- Ensuring that risk assessments (if appropriate) are detailed in Cabinet or Scrutiny reports upon which decisions are based.
- Reviewing annually both the Council's Risk Management and Insurance Policy Statements and Strategies.

Corporate:

Corporate Governance Committee (CGC) including Independent Members

Provides assurance for the Council that risk management is undertaken and effective by:

- Reviewing the effectiveness of the risk management and internal control framework.
- Reviewing the Council's Risk Management Policy Statement & Strategy and how it is being implemented.
- Receiving regular progress reports on the CRR and other risk management related initiatives.
- Reviewing, scrutinising and challenging the performance of the Council's risk management framework; including reviewing progress against planned actions from the previous quarter.
- Receiving presentations on specific areas of risk.
- Receiving reports from Internal and External Audit to determine the extent to which they indicate weaknesses in control, risk management and governance arrangements.

Corporate Risk Management Group (CRMG) via Departmental Risk Champions

Provides assurance that the risk management framework and its processes are working as intended and are effective by:

- Acting as the main contact for their department and its management on risk matters (including specialist risks (H&S, Insurance etc.).
- Representing their department at the Corporate Risk Management Group.
- Encouraging the promotion of risk awareness, rather than risk avoidance.
- Assisting in the implementation of any revisions to the risk management framework and promoting use of the Risk Management Toolkit.
- Providing coaching, support and advice on risk management to Chief Officers, Heads of Service and other managers within their service/department.
- Providing support to the other departments' Risk Champions.
- Maintaining on behalf of their Chief Officers, a departmental risk register that complies with corporate guidelines.
- Providing regular risk updates to DMT's as per the agreed reporting criteria and risk timetable.
- Providing challenge to the risk scoring mechanism to ensure risks are managed to add value by aiming to achieve the balance between undermanaging risks (unaware and no control) and over-managing them (over-control).
- Ensuring that corporate risk information and requirements are communicated to their department.
- Assessing the relevance of corporate, other departmental service, programme, project and partnership risks and their impact on their department.

- Reviewing cross cutting risk areas where risks of one department impacts on the risks of another.
- Providing overview and scrutiny to the results of the Fraud Risk Assessment process, in relation to departmental risks.
- Providing regular updates to the Internal Audit Service for corporate risks to enable reporting to the Chief Officers and the Committee.

Departmental:

Departmental Management Teams (DMT)

Ensuring that risk management is implemented in line with the Council's Risk Management Strategy by:

- Appointing a Risk Champion for the department and authorising them to progress effective risk management that adheres to corporate guidelines, across their services.
- Ensuring that risk management is integrated within the annual service planning process.
- Taking full ownership of risks within their departmental risk register and agreeing risk mitigation actions, with defined timescales and responsibilities – including those departmental risks that are also in the CRR.
- Reviewing and challenging risk registers for their Service Areas on a quarterly basis if appropriate.
- Adhering to the corporate risk reporting timetable so that DMT meetings and risk monitoring tasks are aligned.
- Ensuring that the CRR accurately reflects only those key strategic risks facing the Council. The DMT scrutiny process should encompass a review of all departmentally identified corporate risks (new and those already identified), to critically evaluate the following:
 - Whether the risk is an ongoing corporate risk
 - Are all mitigating actions identified? Are they SMART (i.e. specific, measurable, attainable, relevant and time-bound)? Are they working adequately or are additional actions necessary?
 - The current risk score (Impact and Likelihood) is accurate and is not 'over-scored' in terms of likelihood particularly if a range of current controls have been identified as embedded and working adequately
 - Only consider any further actions/additional controls after determining whether any cost of implementing further mitigating control is merited when compared to the risk reduction benefits achieved. If required, further actions should also be SMART and record 'expected timeframe/due date' which should improve the robustness of the target risk impact and likelihood scores
- Receiving reports on risk management activity and review key risks regularly.
- Undertaking regular departmental horizon scanning for new or emerging risks, ensuring communication of these through appropriate channels and incorporation within the Departmental Risk Register if appropriate.
- Suggesting recommendations for the removal of current corporate risks that are considered as lower levels of risk.

- Taking ownership of identifying and managing project, partnership and business as usual risks effectively, and escalating risks to the Portfolio, Departmental or Corporate risk register where appropriate.
- Ensuring that risk management considerations are included in all Cabinet, Scrutiny and Regulatory bodies reports in respect of strategic policy decisions.
- Providing assurance on the effectiveness of risk management within their department as part of the Annual Governance Statement process.
- Following the review and approval of the Departmental Risk Register, DMTs to determine whether a potential reputation or consultation matter needs to be forwarded to Communication Unit.

Heads of Service

Providing assurance to DMT's that risks within their service are being managed effectively by:

- Ensuring that risk management within their area of responsibility is implemented in line with the Council's Risk Management Strategy (i.e. identify, assess, manage and monitor).
- Managing risks on a day-to-day basis.
- Adhering to the risk scoring mechanism (original, current and target risk scores) outlined in the Strategy to ensure risks are managed to add value by aiming to achieve the balance between undermanaging risks (unaware and no control) and over-managing them (over-control).
- Communicating the results of their service risk assessment to the DMT via their Risk Champion, demonstrating effectiveness of controls in place to mitigate/reduce service risks.
- Managing risks from their areas of responsibility that have been included within the departmental risk register. Where further actions/additional controls are necessary, ensure they are completed by the planned completion date.
- Identifying new and emerging risks or problems with managing known risks and escalating to the Risk Champion where appropriate.
- Assessing fraud risk within their service areas as part of the Fraud Risk Assessment process.
- Ensuring that they and their staff are aware of corporate requirements, seeking clarification from their Risk Champions when required.
- Identifying risk training needs of staff and informing this to Risk Champions.
- Using the Risk Management Toolkit and guidance.

Programme/Project/Partnerships

Providing assurance that project, programme and partnership risks and their impact are managed and communicated effectively by:

- Ensuring risk management is a regular item on Partnership/Programme/Project Board agendas.
- Reviewing and monitoring risks identified on programme/project/partnerships risks, ensuring that suitable controls are in place and working, or that plans are being drawn up to strengthen existing controls or put in place further controls.
- Identifying new and emerging risks or problems with managing known risks, ensuring communication of these through appropriate channels.

- Escalating appropriate Project, Programme or Partnership risks to the relevant Departmental Portfolio, or Corporate Risk Register where those risks may impact at a Departmental, Portfolio or Corporate level – ultimately the project or programme SRO/Sponsor is accountable for ensuring this happens.
- Ensuring any ongoing risks or issues identified at Project/Programme closure are transferred to the relevant business owner and where appropriate are escalated to Departmental or Corporate Risk Registers.

Risk Champions

- See Corporate section

Staff

- Taking responsibility for gaining an understanding of the risks facing their area of accountability.
- Report promptly perceived failures in existing control measures that could increase risk.
- Take due care to understand and comply with the risk management processes and guidelines of the Council.

Assurance Services

Risk Management function (in conjunction with the Director of Corporate Resources):

Provide assurance that the flow of risk information throughout the Council is working and effective to produce and maintain the Corporate Risk Register by:

- Leading in the development and implementation of the risk management framework and promoting use of the Risk Management Toolkit.
- Meeting with departments as per the risk management timetable to review and challenge risk registers and emerging risks.
- Identify any potential future internal audit requirements to the Head of Internal Audit & Assurance Service.
- Coordinating risk management activity across the Council with the support of Departmental Risk Champions/Representatives.
- Collating the changes to departmental risks and ensure that the Corporate Risk Register is amended to reflect current position.
- Regular scanning (in conjunction with Chief Officers, DMT Risk Champions and the Head of Internal Audit & Assurance Service) of information from relevant publications and minutes from key meetings to provide a basis for including additional risks on the Corporate Risk Register.
- Reporting progress on the Corporate Risk Register and other risk management related initiatives to the Chief Officers, the Committee and Cabinet as per the risk management timetable.
- Supporting Departmental Risk Champions/Representatives in their risk management role.

- Communicating corporate risk management information and requirements.
- Reviewing the Risk Management Policy Statement and Strategy at least annually to reflect best practice and initiate improvements.
- Arranging for the review of risk management maturity; benchmarking scrutiny and challenge.
- Establishing links with external groups and organisations to gain knowledge and share best practice on risk management issues.
- Agreeing mechanisms for identifying, assessing and managing risks in key partnerships.
- Supporting the development and delivery of relevant risk training.

Assurance function (Internal Audit Service)

Review and challenge the effectiveness of the risk management framework, providing independent assurance about the quality of controls that managers have in place, by:

- Creating a risk-based audit plan that is aligned wherever possible to the Corporate Risk Register and the Departmental Risk Registers and other drivers, e.g. biennial Fraud Risk Assessment.
- Testing and validating existing controls, with recommendations for improvement on identified control weaknesses.
- Reporting outcomes to Directors and the Committee.
- Monitoring changing risk profiles based on audit work undertaken, to adapt future audit work to reflect these changes.
- Conduct relevant audits of the risk management framework and maturity but overseen by a manager independent to the Service.
- Take account of any commentary/improvements recommended by the External Auditor in its annual review of Value for Money arrangements.

Action Plan

This Strategy sets out the developments/actions the Council proposes over the short-term future to further improve risk management maturity. These developments include the following actions:

Action	Frequency	Target Implementation Date
To review and revise the Council's Risk Management Policy Statement and Strategy and related guidance with endorsement from Chief Officers and the Committee.	Annual	23 January 2026
Encourage DMTs and Risk Champions to re-align Risk Registers to their 2026-27 business planning objectives.	Annual	March/April 2026
Update and communicate through Manager's Digest, the Council's intranet Risk Management pages to include: - - Revised Risk Management Policy & Strategy - All relevant guidance on methodologies and processes, including the revised Risk Assessment Criteria and Map - Who to contact and details of the risk management "network", - Links to further information and guidance e.g. ALARM website	Annual	February 2026
Review findings and recommendations from objective internal audit undertaken. Plan to implement any actions e.g. risk appetites for individual risk categories, identifying and managing risks and issues separately	One off	February 2026
Arrange an independent Risk Maturity Assessment and implement an Action Plan to address any recommendations.	Triennially	c/f - Spring 2026
Develop options for Collaboration Office 365 space by Department for updates to Departmental Risk Registers.	Ongoing	c/f – Spring 2026
Work with ALARM and the East Midlands Regional Group to develop guidance for identifying and managing new & emerging risks	Quarterly	As part of EMRMG meetings.
Introduce and continuously develop key performance indicator(s) for risk management activity to maintain and improve the maturity rating.	Ongoing	c/f – Summer 2026
Develop a training matrix to define required training levels by role. Consider delivery options (e.g., face-to-face, external courses) and review training offered by the Council's insurance providers.	Ongoing	c/f – Summer 2026
Develop E Learning for Risk Management	Ongoing	c/f – Summer 2026

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RESERVES POLICY

The Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their budget requirement. There is no set formula for deciding what level of reserves is appropriate – it is dependent on each Council's individual circumstances and the section 151 officer's assessment of the Council's financial risks.

General Fund Balance

The level of the General Fund balance would ordinarily reflect the overall financial environment and the key financial risks faced by the Council. The amount held will be reviewed at least annually. Any funds in excess of the assessed amount will in the first instance be used to fund one off expenditure (capital and revenue including invest to save and pump priming initiatives) and secondly to support general fund expenditure over the medium term, subject to the key consideration of sustainability.

Holding non earmarked funds is an essential component of risk management in that it helps the Council to manage unforeseen financial events that may arise in year without the need to make immediate offsetting savings. This allows better decisions to be made and reduces the impact this could have on users of Council services.

Based on an assessment of risk, the target level for the General Fund is within the range of 4% to 7% of net expenditure (excluding schools). The forecast balance of £30m (4.2%), by the end of the MTFS is at the lower end of that range reflecting the tighter financial pressures of the Council. The Council will continue with the current strategy of increasing the General Fund balance annually where possible until it is within target level.

In reviewing the level of the General Fund the Cabinet will take advice from the Director of Corporate Resources.

Earmarked Reserves

Earmarked reserves are traditionally held for six main reasons. The key factors that determine their level are set out below:

- 1) Risk – reserves held to cover specific and identified risks. This includes the Insurance earmarked reserves – to meet the estimated cost of future claims not covered by insurance policies.
- 2) Capital and Renewals - to fund the Council's capital programme or to enable services to plan an effective programme of systems, equipment and vehicle replacement. These earmarked reserves are a mechanism to allow a sensible replacement programme, that can vary in size from one year to the next depending upon need, without the requirement to vary annual budgets.
- 3) Grants - unspent ring-fenced grants, which must be spent on specific purposes, such as the Public Health grant.
- 4) Budget Equalisation and Transformation - support one off costs to enable transformational and organisational change, including those required for delivery of savings, or to provide a contingency for future MTFS funding gaps. It also includes the increasing pressures on the High Needs element of the DSG which was in deficit by

£64m as at 31 March 2025 and is forecast to increase to more than £400m by the end of 2029/30.

- 5) Planned future revenue spend - meet commitments made that will be incurred in the future. Examples include: completion of projects and contributions to partnership funding.
- 6) Other earmarked reserves will be set up from time to time to meet predicted liabilities or unforeseen issues that arise.

Reserves are not suitable for on-going service commitments unless there is a clear exit plan. Given the increased financial pressures, a range of measures is in place as set out below.

- Departments are to identify specific and potential need for planned expenditure to be funded from reserves. Where approved these will be held centrally as earmarked reserves.
- After allowing for this, general departmental reserves, above a specific allowance, to enable departments to manage day to day, smaller, essential interventions etc, will be centralised. These allowances are shown below:
 - A&C £250,000
 - CFS £250,000
 - E&T £250,000
 - CR £100,000
 - CE £50,000
 - PH £50,000
- The above limits will be reviewed annually as part of the new MTFS.
- General departmental reserves should be used to manage in-year pressures before requesting corporate funding.
- All reserves above this amount to be considered for transfer to the general fund.
- Trading surpluses, over and above what is built into service budgets, will be brought back into central control – services impacted can request funding to support specific investments along with other services.
- All reserves set aside for asset renewals will be managed centrally based on consideration of regular departmental submissions.
- Schools and partnership reserves are treated outside of the above measures but a clear plan of purpose for each reserve is required to be produced.

The Director of Corporate Resources has the authority to take decisions relating to the creation and management of earmarked reserves.

Schools' Earmarked Funds

Schools' balances are held for two main reasons. Firstly, as a contingency against financial risks and secondly, to meet planned commitments in future years. Decisions on these funds are taken by individual schools.

Monitoring Policy

The levels of earmarked reserves and balances are monitored regularly throughout the year. Reports will be taken to members as part of the MTFS and at year end.

EARMARKED RESERVES BALANCES

	Revised Balance 01/04/25 £000	Forecast Balance 31/03/26 £000	Forecast Balance 31/03/27 £000	Forecast Balance 31/03/28 £000	Forecast Balance 31/03/29 £000	Forecast Balance 31/03/30 £000
Renewal of Systems, Equipment and Vehicles	2,110	1,880	1,700	1,350	1,210	1,080
Trading Accounts						
Investing in Leicestershire Programme (IiLP)	5,760	6,250	8,170	10,370	11,820	13,270
Insurance						
General	11,720	12,190	12,680	13,160	13,650	14,140
Schools schemes and risk management	30	30	30	30	30	30
Uninsured loss fund	4,930	4,930	4,930	4,930	4,930	4,930
Committed Balances						
Central Maintenance Fund	1,360	860	860	360	360	360
Other						
Children & Family Services						
C&FS Developments	1,610	730	230	230	230	230
Youth Offending	930	1,010	860	710	560	410
Other	200	150	80	40	0	0
Adults & Communities						
A&C Developments	1,380	890	310	70	70	70
Public Health	5,820	3,370	1,960	1,480	80	80
Environment & Transport						
E&T Developments	740	1,240	840	690	540	390
Commuted Sums	1,740	1,240	740	240	0	0
Pan regional transport model (PRTM)	1,120	630	1,050	1,470	1,900	2,330
Waste Developments	510	320	0	0	0	0
Section 38 Income	440	0	0	0	0	0
Other	530	570	550	500	450	400
Chief Executive						
Economic Development-General	200	130	0	0	0	0
Chief Executive Dept Developments	660	410	280	190	170	120
Other	100	70	60	60	30	0
Corporate Resources						
Other	870	790	730	670	670	710
Corporate:						
Transformation Fund	11,990	7,810	1,930	0	0	0
Broadband	2,710	2,710	1,260	0	0	0
Business Rates Retention	570	570	570	570	570	570
Elections	1,350	350	850	1,350	1,850	350
Other	100	100	100	100	100	100
Budget Equalisation	92,110	112,780	135,320	141,180	186,980	240,980
Flooding Restoration Works	3,160	2,910	1,350	680	0	0
Capital Financing & Improvement Projects	139,520	91,070	39,710	6,510	6,350	6,190
Total	294,270	255,990	217,150	186,940	232,550	286,740
Schools and Partnerships						
Dedicated Schools Grant	-48,350	-95,880	-169,560	-254,690	-349,490	-453,430
Active Together	1,060	940	560	0	0	0
Health & Social Care Outcomes	10,180	8,810	4,210	3,490	2,890	2,890
Emergency Management	850	430	460	500	530	530
Leicestershire Safeguarding Children Board	240	200	160	100	40	0
Leics Social Care Development Group	30	30	30	30	30	30
Total	-35,990	-85,470	-164,140	-250,570	-346,000	-449,980
TOTAL	258,280	170,520	53,010	-63,630	-113,450	-163,240

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INSURANCE POLICY 2026

Within Leicestershire County Council's Constitution (revised December 2025), the Terms of Reference of the Corporate Governance Committee at Section 2: Governance and Risk places responsibilities on the Committee at 2.10, 'To review and make recommendations to the County Council on the Council's Insurance Policy'

Leicestershire County Council's (the Council's) insurance programme is arranged in conjunction with its appointed Insurance Brokers. This is Marsh Limited which was appointed from 1 February 2023. The contract was extended in February 2025 (the second of three allowable extensions).

Potential losses are covered by a combination of self-insurance and a range of policies held with insurance companies, which are renewed on an annual basis. The process to identify the level of self-insured retention (deductibles/excess) against the insurance required is based on several factors. These include the reduction in premium (including associated premium tax currently 12%) to be achieved by altering the excess levels weighed up against the Council's ability to meet an increased exposure, for example by way of a spike in claims received due to external factors like the weather and for one-off large losses.

'Aggregate stop limits' are in place which cap the potential exposure to the Council on an annual basis by reducing the deductible/excess levels significantly once the limit has been breached.

Following a procurement exercise, from 1 October 2024 the Council's Insurance Programme is now insured via Maven Public Sector for casualty and property risks, and Travelers UK for motor risk. The initial contracts with both insurers expire on 30 September 2027 with the option of three further 2-year extensions i.e. 9 years in total.

The Council no longer insures its maintained schools under the main insurance programme, instead the schools are now insured under a separate scheme which is currently insured via Zurich Municipal.

There are several other classes of insurance which didn't form part of the main procurement exercise. These were procured directly via Marsh Limited (the LCC appointed broker) as they were not available to procure via the YPO Framework used for the main programme.

The following policies/covers are currently in place from 1 October 2025:

Class of Insurance	Type	Limit of Indemnity / Basis of Cover	Self-insured deductible/excess¹	Aggregate Stop Limit²
Employers' Liability	Casualty	£50m – Cover written on an any one occurrence basis. £35m Primary Layer, £15m Excess Layer.	£500,000	£2.5m
Public Liability	Casualty	£50m - Cover written on an any one occurrence basis. £35m Primary Layer, £15m Excess Layer	£500,000	£2.5m
Officials Indemnity	Casualty	£10m – Cover written on an aggregate basis	£250,000	£2.5m
Professional Indemnity	Casualty	£10m - Cover written on an aggregate basis	£250,000	£2.5m
Fidelity Guarantee	Casualty	£10m - Cover written on an aggregate basis	£100,000	N/A
Material Damage & Business Interruption (Non-Education)	Property	Day One Reinstatement Business Interruption £25m Increased Cost of Working (ICOW) (48 months). Recycling & Household Waste Sites - <i>Cover is limited to declared value.</i> Business Interruption £250,000 Increased Cost of Working (ICOW) (48 months).	£500,000	£1m
Material Damage & Business Interruption (Commercial including Industrial Units)	Property	Day One Reinstatement Business Interruption £25m ICOW (48 months)	£250	N/A

Class of Insurance	Type	Limit of Indemnity / Basis of Cover	Self-insured deductible/excess¹	Aggregate Stop Limit²
Material Damage & Business Interruption (Farms)	Property	Day One Reinstatement Business Interruption £25m ICOW (48 months)	£500	N/A
Motor	Motor	Comprehensive	£5,000 (only applying to own vehicle damage)	N/A
Terrorism	Property	Select properties Business Interruption £25m (48 months)	Nil	N/A
Medical malpractice	Casualty	£10m – Cover written on an aggregate basis	£425,000	N/A

¹ A significant decision which affects the cost-risk balance is the level of self-insured retention (deductible/excess) that the Council meets from its own resources. Premiums can be reduced by taking a higher deductible. The deductible is generally on a “per claim” basis. The Council’s internal claims management capabilities and good risk management assist being able to set high deductibles.

² Where applicable ‘Aggregate stop limits’ are in place which cap the potential exposure to the Council on an annual basis by reducing the self-insured retention levels (deductible/excess) significantly once the limit has been breached.

An annual revenue contribution is required to allow the Council to fund claims within the self-insured retention limits, thus aiming to prevent a detrimental impact on service budgets. The level required is assessed annually as part of the MTFS, based upon several factors including the current claims experience and anticipated future changes. For example, new heads of claims which may emerge.

The amount of funding required from the Council, can vary significantly each year. This can be due to a one-off catastrophic incident occurring, such as a large building fire, or simply the timing of when claims are reported culminating in an increased volume of claims covering one particular period.

For own property damage claims, and fidelity (theft) claims, there is usually a short delay between incident and notification. It is therefore a more straightforward process to set aside appropriate funding for annual losses but retaining a focus on catastrophic events which occur on a less regular basis, but which have a greater financial impact.

Assessing liability claim levels is more difficult, due to the nature of claims that the Council receives, claims will have been incurred but not reported within the financial year of the incident. A number of years can elapse before a liability claim is concluded.

Earmarked funds are held to allow for years of exceptionally high claims, both in terms of volume and value, to be covered without detriment on the annual revenue budget. The earmarked funds for these classes are subject to an annual internal assessment to ensure that they are maintained at suitable levels in order to meet ongoing financial commitments. In addition, provisions are held for claims received that are awaiting settlement, the level being based on an assessment of the likely liability.

An external independent actuarial review of the Council's in-house Liability Insurance Fund and Uninsured Loss Fund as at 1st October 2022, was concluded in early 2023. The outcome from the actuarial review was to release a smaller reserve £0.4m in 2023-24 and from 2024-25 reduce the annual top up to funds by £0.2m. The other larger specific reserves remain under review as the MTFS progresses.

The Insurance Service employs experienced claims negotiators which handle all liability claims brought against Leicestershire County Council up to the delegated authority limits as agreed with the insurer.

The claims handling delegated authority extends to cover investigations into allegations of negligence and provides authority to take decisions on liability. The Council's claims negotiators, its Legal Services team and external solicitors and other approved experts, work in partnership to defend litigated claims.

The Insurance Service has traditionally been subject to annual audits undertaken on behalf of the Insurance Company. The outcome of these audits could ultimately have implications on the agreed delegated authority limits resulting in reduced autonomy over decisions of liability and settlement negotiations. Outcomes have generally been exceptional (highest rating).

More details on the principles of risk financing are to be found in the Council's Risk Management Policy Statement and Strategy 2026.

Revised January 2026

Next due December 2026

ILLUSTRATIVE EFFECT OF A 2.99% INCREASE FOR 2026/27 COUNCIL TAX

BAND (APRIL 1991 VALUE)			PROPORTION OF BAND D	COUNTY COUNCIL'S COUNCIL TAX ELEMENT £
A	(Up to	£40,000)	6/9	1,154.53
B	(£40,001 -	£52,000)	7/9	1,346.95
C	(£52,001 -	£68,000)	8/9	1,539.37
D	(£68,001 -	£88,000)	1	1,731.79
E	(£88,001 -	£120,000)	11/9	2,116.63
F	£120,001 -	£160,000)	13/9	2,501.47
G	£160,001 -	£320,000)	15/9	2,886.31
H	(Over	£320,000)	2	3,463.58

PRECEPT 2026/27

BILLING AUTHORITY	TAX BASE	PRECEPT £
Blaby	34,926.50	60,485,304
Charnwood	61,320.20	106,193,605
Harborough	40,169.60	69,565,243
Hinckley and Bosworth	40,554.50	70,231,809
Melton	21,068.68	36,486,494
North West Leicestershire	37,927.00	65,681,535
Oadby and Wigston	19,004.95	32,912,550
Total	<u>254,971.43</u>	<u>441,556,540</u>

2026/27 COUNCIL TAX BILL (COUNTY COUNCIL ELEMENT)
EXAMPLE USING BAND D - % INCREASE APPLIES TO ALL BANDS

	2025/26 £	2026/27 £	Increase*
Total	1,681.50	1,731.79	2.99%

* comprises the main element (Core) and the Adult Social Care precept.

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TREASURY MANAGEMENT STRATEGY STATEMENT 2026-27**MINIMUM REVENUE PROVISION STATEMENT AND ANNUAL INVESTMENT STRATEGY****Introduction**

1. This strategy statement has been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services Code of Practice. Accordingly, the Council's Treasury Management Strategy will be approved annually by the full Council and there will be quarterly reports to the Corporate Governance Committee.
2. The Corporate Governance Committee consider the contents of the Treasury Management Strategy Statement, including the Minimum Revenue Provision Policy Statement and Annual Investment Strategy, annually at its meetings in January of each year. The aim of these reporting arrangements is to ensure that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.
3. In December 2021 CIPFA published revised Treasury Management and Prudential Codes of Practice with formal adoption required from the 2023/24 financial year. The Codes require an Authority to ensure that:
 - it defines its risk appetite and its governance processes for managing risk.
 - it sets out, at a high level, its investment policy in relation to environmental, social and governance aspects.
 - it adopts a new liability benchmark treasury indicator to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained.
 - it does not borrow to finance capital expenditure to invest primarily for return.
 - increases in the Capital Financing Requirement (CFR) and borrowing are undertaken solely for purposes directly and primarily related to the functions of the Council. Where any financial returns are related to the financial viability of the project in question, they should be incidental to its primary purpose.
 - an annual review is conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt.
 - its capital plans and investment plans are affordable and proportionate.
 - all borrowing/other long-term liabilities are within prudent and sustainable levels.
 - risks associated with commercial investments are proportionate to overall financial capacity to sustain losses.
 - treasury management decisions are in accordance with good professional practice.
 - reporting to members is undertaken quarterly, including updates of prudential indicators.

4. The Prudential Code also requires the Council to produce an annual Capital Strategy. This is reported annually to the Council in February as part of the MTFS. The Capital Strategy is a high-level corporate document covering the following areas:
 - strategic context
 - corporate priorities
 - available resources
 - affordability
 - capacity to deliver
 - risk management
5. The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
6. The Act requires the Council to set its treasury strategy for borrowing and to prepare an Annual Investment Strategy (for Treasury Management investments) - this is included in later paragraphs of this strategy. It sets out the Council's policies for managing its treasury management investments and for giving priority to the security and liquidity of those investments.
7. This Strategy should be read in conjunction with the Investing in Leicestershire Programme (liLP) strategy, which sets out the Council's approach when considering the acquisition of investments for the purposes of inclusion within the liLP (which includes investments held primarily for financial return), and the Capital Strategy, which sets out the Council's approach to determining its medium term capital requirements (investments for service delivery). These documents form part of the Medium Term Financial Strategy (MTFS) and together take into account the statutory guidance issued by the Secretary of State under the Local Government Act 2003.
8. Treasury management arises from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use, i.e., balances in the Council's bank accounts resulting from the Council's day to day activities, that are not yet required. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments. covered in this strategy.
9. Service delivery - investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose". This is covered in the Capital Strategy.
10. Commercial return - investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments

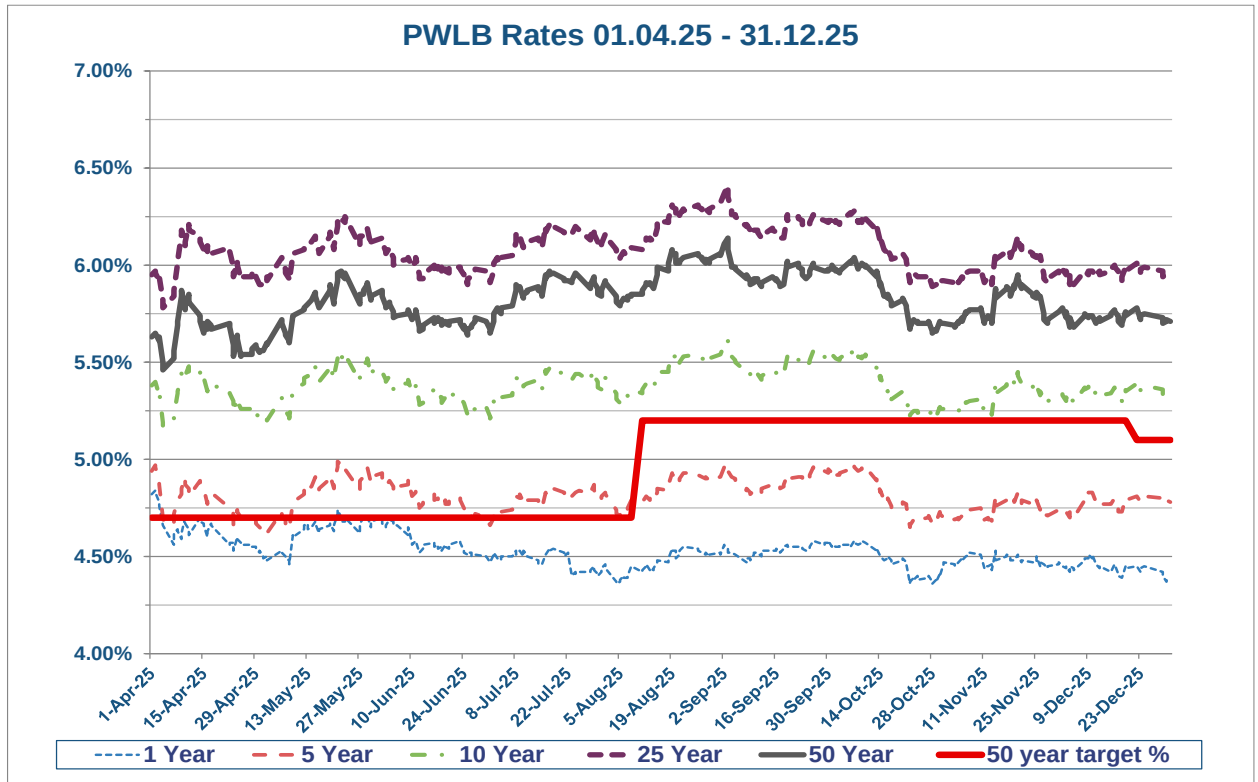
should be proportionate to an Authority's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An Authority must not borrow to invest primarily for financial return. This is covered in the liLP strategy.

Economic Background

11. The following economic update is based on the Council's external Treasury Management advisors' (MUFG Pension & Market Services) update provided in December 2025.
12. The third quarter of 2025/26 (October to December) saw:
 - A -0.1% m/m change in real GDP in October, leaving the economy no bigger than at the start of April.
 - The 3myy rate of average earnings growth excluding bonuses fall to 4.6% in October, having been as high as 5.5% earlier in the financial year.
 - CPI inflation fall sharply from 3.6% to 3.2% in November, with core CPI inflation easing to 3.2%.
 - The Bank of England cut interest rates from 4.00% to 3.75% in December, after holding in November.
 - The 10-year gilt yield fluctuate between 4.4% and 4.7%, ending the quarter at 4.5%.
13. From a GDP perspective, the financial year got off to a bumpy start with the 0.3% m/m fall in real GDP in April as front-running of US tariffs in Q1 (when GDP grew 0.7% on the quarter) weighed on activity. Despite the underlying reasons for the drop, it was still the first fall since October 2024 and the largest fall since October 2023. However, the economy surprised to the upside in May and June so that quarterly growth ended up 0.3% q/q (subsequently revised down to 0.2% q/q). Nonetheless, the 0.0% m/m change in real GDP in July, followed by a 0.1% m/m increase in August and a 0.1% decrease in September will have caused some concern (0.1% q/q). October's disappointing -0.1% m/m change in real GDP suggests that growth slowed to around 1.4% in 2025 as a whole.
14. Following the 26 November Budget, the Office for Budget Responsibility (OBR) calculated the net tightening in fiscal policy as £11.7bn (0.3% of GDP) in 2029/30, smaller than the consensus forecast of £25bn. It did downgrade productivity growth by 0.3%, from 1.3% to 1.0%, but a lot of that influence was offset by upgrades to its near-term wage and inflation forecasts. Accordingly, the OBR judged the Chancellor was going to achieve her objectives with £4.2bn to spare. The Chancellor then chose to expand that headroom to £21.7bn, up from £9.9bn previously.
15. Moreover, the Chancellor also chose to raise spending by a net £11.3bn in 2029/30. To pay for that and the increase in her headroom, she raised taxes by £26.1bn in 2029/30. The biggest revenue-raisers were the freeze in income tax thresholds from 2028/29 (+£7.8bn) and the rise in NICs on salary-sacrifice pension contributions (+£4.8bn). The increase in council tax for properties worth more than £2m will generate £0.4bn.
16. CPI inflation fell sharply in November, easing from 3.6% in October to 3.2%. This was the third consecutive softer-than-expected inflation outturn and suggests that

disinflation is well underway. There was a widespread easing in price pressures with inflation slowing in 10 of the 12 main categories. Core inflation fell from 3.4% to 3.2% and services inflation dipped from 4.5% to 4.4%. However, a great deal will depend on the adjustments to regulated and indexed prices scheduled for next April. Capital Economics forecast CPI inflation to drop from 3.2% in March to 2.0% in April, thereby leaving inflation on track to settle at the 2.0% target, or below, by the end of 2026.

17. The chart below shows the PWLB rates from 01/04/25 to 31.12.25.



High/Low/Average PWLB rates for 01/04/25 to 31/12/25.

	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2025	4.82%	4.94%	5.38%	5.95%	5.63%
31/12/2025	4.37%	4.78%	5.34%	5.95%	5.71%
Low	4.36%	4.62%	5.17%	5.78%	5.46%
Low date	04/08/2025	02/05/2025	02/05/2025	04/04/2025	04/04/2025
High	4.84%	4.99%	5.62%	6.41%	6.14%
High date	02/04/2025	21/05/2025	03/09/2025	03/09/2025	03/09/2025
Average	4.52%	4.81%	5.38%	6.08%	5.82%
Spread	0.48%	0.37%	0.45%	0.63%	0.68%

TREASURY MANAGEMENT STRATEGY 2026/27

Key Considerations

18. This proposed strategy for 2026/27 in respect of the treasury management function is based upon officers' views on interest rates, supplemented with market

forecasts provided by the Council's treasury adviser, MUFG Pension & Market Services.

Background

19. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in counterparties or instruments commensurate with the Council's risk appetite prioritising security, adequate liquidity and investment return in that order of importance.
20. The second main function of treasury management is the funding of the Council's capital programme. The capital programme sets out the borrowing need of the Council, the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any existing long term debt may be restructured to reduce risk or costs.
21. The contribution the treasury management function makes to the Council is critical as the balance of debt and investment operations ensure the Council can meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. As cash balances result mainly from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance. To reduce the impact of high levels of inflation eroding the value of cash balances, and to increase diversification, the Council will consider other forms for investments, such as pooled investment funds.

Reporting

22. The Council has adopted the following reporting arrangements in accordance with the requirements of the Treasury Management Code:-

Area of Responsibility	Council/Committee/Officer	Frequency
Treasury Management Policy Statement	Full Council	Annually before start of financial year
Treasury Management Strategy/Annual Investment Strategy	Full Council	Annually before start of financial year
Quarterly Treasury Management and Prudential Indicator updates	Corporate Governance Committee	Quarterly
Updates or revisions to Treasury Management Strategy/Annual Investment Strategy during year	Cabinet (following consideration by Corporate Governance Committee, wherever practical)	Ad hoc
Annual Treasury Outturn Report	Cabinet	Annually by end of September following year end

Treasury Management Practices	Director of Corporate Resources	
Review of Treasury Management Strategy/Annual Investment Strategy	Corporate Governance Committee	Annually before start of financial year and before consideration by full Council, wherever practical
Review of Treasury Management Performance	Corporate Governance Committee	Annually by end of September following year end

Training

23. The CIPFA Treasury Management Code requires the chief financial officer to ensure that members with responsibility for treasury management receive adequate training in treasury management.
24. As a minimum, authorities should carry out the following to monitor and review knowledge and skills:
 - Record attendance at training and ensure action is taken where poor attendance is identified.
 - Prepare tailored learning plans for treasury management officers and board/council members.
 - Require treasury management officers and board/council members to undertake self-assessment against the required competencies
 - Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.
25. Training is provided for all new members and further training is arranged as required. During 2025/26 MUFG Pension & Market Services also provided a focused training session on treasury management for all members of the Corporate Governance Committee.
26. The training needs of treasury management officers are also periodically reviewed. A formal record of the training received by officers central to the Treasury function will be maintained by the Head of Finance. Similarly, a formal record of the treasury management training received by members will also be maintained by the Head of Finance.

Treasury Management Consultants

27. External investment managers will not be used, except to the extent that a Money Market Fund or the managers of pooled property or private debt funds can be considered as an external manager.
28. The Council uses MUFG Pension & Market Services as its external treasury management adviser, but recognises that responsibility for treasury management decisions remains with the Council at all times. Undue reliance on the Council's external advisers will be avoided, although the value of employing an external adviser and accessing specialist skills and resources is recognised.
29. The Council also uses Hymans Robertson LLP, for strategic advice for the Investing in Leicestershire programme (liLP).

30. The Council recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

Capital Prudential Indicators

Capital Financing Requirement

31. The Capital Financing Requirement (CFR) measures the Council's need to borrow for capital purposes. It is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any unfunded capital expenditure plans, i.e. not funded through a revenue or capital resource, will increase the CFR.
32. The proposed MTFS capital programme for 2026-30 includes a requirement to increase the Capital Financing Requirement (CFR) by £75m by 2029/30. This will fund essential investment in service improvement, investment for growth and invest to save projects. Due to the levels of internal cash balances, which would otherwise be available to lend to banks, no new external loans are forecast to be required in the short to medium term and instead will be funded from internal borrowing.
33. The table below shows how the CFR is expected to change over the period of the MTFS, and how this compares to the expected level of external debt. A number of debt rescheduling opportunities have been taken during 2025/26. Further rescheduling opportunities will be considered if they are in the best long-term financial interests of the Council.

	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Opening Capital Financing Requirement	193,478	189,264	194,211	220,398
New Borrowing	0	9,245	30,724	35,031
Statutory Minimum Revenue Provision (MRP)	-4,214	-4,298	-4,537	-5,137
Voluntary MRP	0	0	0	0
Closing Capital Financing Requirement	189,264	194,211	220,398	250,292
Opening external debt	145,754	145,254	144,754	144,254
Loans maturing	-500	-500	-500	-500
Closing external debt	145,254	144,754	144,254	143,754
Overborrowed/(borrowing requirement)	(44,010)	(49,457)	(76,143)	(106,538)

Minimum Revenue Provision (MRP)

34. The Local Authorities (Capital Finance and Accounting) Regulations 2003 require local authorities to charge to their revenue account in each financial year a minimum amount to finance capital expenditure. This is referred to as Minimum Revenue Provision (MRP). The Council is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.
35. In 2019/20 the Council reassessed the expenditure that is required under statute relating to a prudent Minimum Revenue Provision. Based on the average economic remaining life of assets held it amended the MRP calculation for supported and unsupported borrowing to a period of 40 years, which reduced the MRP charge to around £6m per annum.
36. During 2024/25 the Council reviewed the MRP policy to assess its continued appropriateness. The review has identified that changes to the existing policy can be made to remain prudent and to more accurately reflect the time value of money through the use of an annuity calculation. This results in a consistent charge to the general fund for assets over their useful lives. Setting the annuity rate at the Bank of England's Monetary Policy Committee's inflation target rate of 2% is considered appropriate and prudent. MRP will increase by this percentage each year. This reflects the time value of money and can be considered to be fairer on council tax-payers as it produces a consistent charge as measured in real terms. The revised approach was approved by the Council in February 2025 and is being applied from 2025/26.
37. CIPFA's Practitioners' Guide to Capital Finance in Local Government supports the use of the Annuity method on the basis that the MRP charge to the General Fund takes account of the time value of money.
38. It should be noted that the revised approach does not change the overall amount of MRP payable; the same amount is simply repaid over a different time period, but is more aligned with the period over which the underlying assets provide benefit. The MRP strategy can be found in Annex 1 to this strategy.
39. Overall capital financing costs (MRP and external debt interest) are forecast to be £12m in 2026/27 and then rise to £14m in 2029/30 as a result of the requirement for new borrowing. This estimate assumes the required new borrowing is from internal cash balances. The capital financing costs do not include the cost of interest returns foregone by using internal cash balances, this will be reflected in a reduction to the bank and other interest budget.

Prudential and Treasury Indicators for 2026-30

40. Prudential and treasury indicators (as set out in the tables in Annex 2 to this strategy) are relevant for the purpose of setting an integrated treasury management strategy. The Council has adopted the CIPFA treasury management code.
41. The prudential and treasury management indicators include:
 - Capital Expenditure
 - Capital Financing Requirement
 - Ratio of total financing costs to net revenue stream

- Ratio of net income from commercial investments to net revenue stream
- Liability benchmark
- Upper and lower limits to the maturity structure of borrowing
- Upper limits for long term treasury management investments

42. The liability benchmark provides a long-term projection of external debt and the capital financing requirement, including treasury management loans. There are four components to the benchmark:

- Existing loan debt outstanding: the Council's existing loans that are still outstanding in future years.
- Loans CFR per the approved MTFS
- Net loans requirement: gross loan debt less treasury management investments
- Liability benchmark (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

43. The benchmark will be referred to before any borrowing decisions are made.

Borrowing

44. The treasury management function ensures that the Council's cash is organised so that sufficient cash is available to meet the day-to-day requirements of the Council and the funding required for the capital programme. This will involve both the organisation of the cash flow and the requirement for borrowing facilities.

Current Portfolio Position

45. The overall treasury portfolio position at 31st December 2025 was:

		Principal £m	Average Rate %
Fixed Rate Funding (borrowing)	PWLB	52.3	8.03
	Market	93.5	4.41
	Total Borrowing	<u>145.8</u>	5.71
Total Investments		<u>402.8</u>	4.61
Net Investment		<u>257.0</u>	

46. The market debt relates to structures referred to as LOBOs (Lenders Option, Borrowers Option), where the lender has certain dates when they can increase the interest rate payable and, if they do, the borrower has the option of accepting the new rate or repaying the loan. All of these LOBOs have passed the first opportunity for the lender to change the rate and as a result they are all classed as fixed rate funding, even though, in theory, the rates could change in the future.

47. The Council's average rate of return on its treasury investments is 4.61% (as at 31 Dec 25).

Treasury Limits for 2026/27 to 2029/30

48. It is a statutory duty for the Council to determine and keep under review how much it can afford to borrow. The amount determined is termed the “Affordable Borrowing Limit”. In England and Wales the Authorised Borrowing Limit represents the legislative limit specified in the Act.
49. The Council must have regard to the Prudential Code when setting the Authorised Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax level is ‘acceptable’.
50. Whilst termed an “Affordable Borrowing Limit” the capital plans to be considered for inclusion incorporate financing by both borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and three successive financial years. Details of the Authorised Limit can be found in Annex 2 to this Strategy.

Prospects for Interest Rates

51. The Council’s treasury advisor, MUFG Corporate Markets, have provided the following revised forecasts as at 22 December 2025 (latest update at the time of writing) to assist the Council to formulate a view on interest rates.

MUFG Corporate Markets Interest Rate View 22.12.25													
	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	3.80	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	3.80	3.50	3.50	3.40	3.30	3.30	3.30	3.40	3.40	3.40	3.40	3.40	3.40
12 month ave earnings	3.90	3.60	3.60	3.50	3.40	3.50	3.50	3.50	3.50	3.50	3.60	3.60	3.60
5 yr PWLB	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
10 yr PWLB	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60	4.70
25 yr PWLB	5.80	5.70	5.60	5.50	5.50	5.40	5.30	5.30	5.30	5.20	5.20	5.20	5.20
50 yr PWLB	5.60	5.50	5.40	5.30	5.30	5.20	5.10	5.10	5.10	5.00	5.10	5.00	5.00

Additional notes by MUFG Corporate Markets on this forecast table: -

- *Our last interest rate forecast update was undertaken on 11 August. Since then, a combination of tepid growth (0.2% q/q GDP for Q2 and 0.1% q/q GDP for Q3), falling inflation (currently CPI is 3.2%), and a November Budget that will place more pressure on the majority of households’ income, has provided an opportunity for the Bank of England’s Monetary Policy Committee to further reduce Bank Rate from 4% to 3.75% on 18 December.*
- *Surprisingly, to most market commentators, the recent steep fall in CPI inflation in one month from 3.6% to 3.2% did not persuade most “dissenters” from the November vote (Lombardelli, Greene, Mann and Pill) to switch to the rate-cutting side of the Committee. Instead, it was left to Bank Governor, Andrew Bailey, to use his deciding vote to force a rate cut through by the slimmest of margins, 5-4.*
- *Given the wafer-thin majority for a rate cut it was not unexpected to hear that although rates would continue on a “gradual downward path”, suggesting a further rate cut or cuts in the offing, MPC members want to assess incoming evidence on labour market activity and wage growth. Indeed, with annual wage growth still over 4.5%, the MPC reiterated that the case for further rate cuts would be “a closer call”, and Governor Bailey observed there is “limited space as Bank Rate approaches a neutral level”.*
- *Accordingly, the MUFG Corporate Markets forecast has been revised to price in a rate cut in Q2 2026 to 3.5%, likely to take place in the wake of a significant fall in the CPI inflation reading from 3% in March to 2% in April (as forecast by Capital Economics), followed by a short lull through the summer whilst more data is garnered, and then a further rate cut to 3.25% in Q4.*

- *As in August, nonetheless, threats to that central scenario abound. What if wage increases remain stubbornly high? There are, after all, several sectors of the domestic economy, including social care provision and the building/construction industries, where staff shortages remain severe. Moreover, by May 2026, following the local elections, we will have a better handle on whether or not the Starmer/Reeves team is going to see out the current Parliament or whether they face a Leadership challenge from within their own party. If so, how will gilt markets react to these variables...and will there be additional geo-political factors to also bake in, particularly the Fed's monetary policy decisions in 2026 and the ongoing battle to lower rates whilst inflation remains close to 3%.*
 - *Accordingly, our updated central forecast is made with several hefty caveats. We are confident, as we have been for some time, that our forecast for Bank Rate and the 5-year PWLB Certainty Rate is robust, and we have marginally brought forward the timing of the next rate cut(s). But for the 10-, 25- and 50-years part of the curve, the level of gilt issuance, and the timing of its placement, will be integral to achieving a benign trading environment. That is not a "given", and additionally, the inflation outlook and political factors domestically and, crucially, in the US, are also likely to hold sway. Matters should be clearer by June in the UK, but the US mid-term elections are scheduled for November.*
 - *Our revised PWLB rate forecasts are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012. Please note, the lower Housing Revenue Account (HRA) PWLB rate started on 15 June 2023 for those authorities with an HRA (standard rate minus 60 bps) and is set to prevail until at least the end of March 2026. Hopefully, there will be a further extension to this discounted rate announced in January.*
 - *Money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.*
52. MUFG Corporate Markets suggested budgeted earnings rates for investments up to about three months' duration in each financial year are set out below.

Average earnings in each year	Now %	Previously %
2025/26 (residual)	3.80	3.90
2026/27	3.40	3.60
2027/28	3.30	3.30
2028/29	3.30	3.50
2029/30	3.50	3.50
Years 6-10	3.50	3.50
Years 10+	3.50	3.50

Borrowing Strategy

53. The Council is currently under borrowed and is forecast to be under borrowed by the end of the MTFS in 2029/30. Under borrowed means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with external loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure, called internal borrowing. This strategy is prudent as medium and

longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy.

54. Borrowing rates very rarely move in one direction without there being periods of volatility, and it is sensible to maintain a flexible and proactive stance towards when borrowing should be carried out (if, indeed, any borrowing is taken). Likewise it is sensible to retain flexibility over whether short, medium or long-term funding will be taken and whether some element of variable rate funding might be attractive. Any borrowing carried out will take into account the medium term costs and risks and will not be based on minimising short term costs if this is felt to compromise the medium term financial position of the Council.

External v Internal Borrowing

55. The Council currently has significant cash balances invested, and at the end of December 2025 these stood at £410m. These balances relate to a number of different items; reserves, provisions, grants received in advance of expenditure and simple cash flow are some of them.
56. As mentioned earlier the draft MTFS capital programme includes a funding requirement of £75m. Due to the levels of internal cash balances and the interest return compared with the cost of raising new external debt it is more economical to temporarily utilise internal cash balances
57. The Council has over the last decade repaid more than £208m of external loans with no new borrowing. If any further opportunities to repay debt occur that are sensible from a financial perspective, they will be taken.
58. The balance between internal and external borrowing will be managed proactively, with the intention of minimising long-term financing costs.
59. In line with the requirements of the Prudential Code, and before any increase in the CFR is required, the Council will undertake an annual review of options to exit investments held primary for return (those included in the liLP Strategy). The reviews evaluate the benefit of holding such assets with taking out new borrowing and any risk reduction benefits.

Policy on borrowing in advance of need

60. The Council will not borrow in advance of need simply to benefit from earning more interest on investing the cash than is being paid on the loan. Where borrowing is required in the approved capital programme, and value for money can be demonstrated by borrowing in advance, this option may be taken, but only if it is felt that the money can be invested securely until the cash is required. This allows borrowing to be taken out at an opportune time rather than at the time expenditure is incurred.
61. In determining whether borrowing will be taken in advance of the need the Council will:
 - ensure that there is a clear link between the capital programme and maturity profile of existing debt which supports taking financing in advance of need
 - ensure that the revenue implications of the borrowing, and the impact on future plans and budgets have been considered

- evaluate the economic and market factors which might influence the manner and timing of any decision to borrow
- consider the merits (or otherwise) of other forms of funding
- consider a range of periods and repayment profiles for the borrowing.

Debt Rescheduling/Premature Debt Repayment

62. Debt rescheduling usually involves the premature repayment of debt and its replacement with debt for a different period, to take advantage of differences in the interest rate yield curve. The repayment and replacement do not necessarily have to happen simultaneously but would be expected to have occurred within a relatively short period of time.
63. If medium and long-term loan rates rise substantially in the coming years, there may be opportunities to adjust the portfolio to take advantage of lower rates in shorter periods. It is important that the debt portfolio is not managed to maximise short-term interest savings if this is felt to be overly risky, and a maturity profile that is overly focussed into a single year will be avoided. Changes to the way that PWLB rates are set, and the gap between new borrowing costs and the rate used in calculating premia/discounts for premature debt repayments, significantly reduces the probability of debt rescheduling being attractive in the future.
64. If there is a meaningful increase in medium and long-term premature repayment rates there is a possibility that premature repayment of existing debt might become attractive. This type of action would only be carried out if it was considered likely to be beneficial in the medium term.
65. All debt rescheduling or premature repayments will be reported to the Corporate Governance Committee at the earliest meeting following any action taken.

Annual Investment Strategy

Investment Policy – Management of Risk

66. The government) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of physical assets and service investments, are covered in the Capital Strategy and the liLP Strategy.
67. The Council’s investment policy has regard to the following:
 - Government Guidance on Local Government Investments
 - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”)
 - CIPFA Treasury Management Guidance Notes 2021.
68. The Council’s investment priorities are security first, portfolio liquidity second and then yield. The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security, liquidity, inflation expectations and with regard to the Council’s risk appetite.

69. The above guidance places a high priority on the management of risk. The Council's policy in respect of deciding which counterparties are acceptable has always been stringent.
70. In broad terms the list of acceptable counterparties uses the list produced by MUFG Pension & Market Services (the Council's treasury management advisor) but excludes any party that is included in the MUFG Pension & Market Services list with a maximum loan maturity period of 100 days or less. All counterparties are also restricted to a maximum loan period of one year.

Creditworthiness Policy

71. MUFG Pension & Market Services' methodology includes the use of credit ratings from the three main credit rating agencies; Standard & Poor, Fitch and Moody's. The credit ratings of counterparties are supplemented with the following overlays:
- "Watches" and "outlooks" from credit rating agencies;
 - Credit Default Swap (CDS) spreads that may give early warning of changes in credit ratings;
 - Sovereign ratings to select counterparties from only the most creditworthy countries.
72. This modelling approach combines credit ratings, and any assigned watches and outlooks, in a weighted scoring system which is then combined with an overlay of CDS spreads. The end-product of this is a series of bands which indicate the relative creditworthiness of counterparties. These are used by the Council to determine the suggested duration for investments. The Council further restricts the list of acceptable counterparties from the base list provided by MUFG Pension & Market Services, details are described in Annex 3.
73. MUFG Pension & Market Services issues timely information in respect of changes to credit ratings or outlooks, and changes to their suggested counterparty list are also issued. These reports are monitored within a short time of receipt and any relevant changes to the counterparty list are actioned as quickly as is practical. A weekly summary of the credit ratings etc. of counterparties is also issued and this gives an opportunity to ensure that no important information has been missed.

Country Limits

74. The MUFG Pension & Market Services criteria includes a requirement for the country of domicile of any counterparty to be very highly rated. This is on the basis that it will probably be the national government which will offer financial support to a failing bank, but the country must itself be financially able to afford the support. The Council's list of acceptable counterparties will include a limit on the maximum amount that can be invested in all counterparties domiciled in a single country (except for the UK) in order to mitigate sovereign risk. All bank loans are made in sterling.

UK Local Authorities

75. The counterparty list from MUFG Pension & Market Services does not include Local Authorities, due to credit ratings not being available for the majority of organisations. Having never defaulted in history, UK Local authorities and levying authorities are and have always been regarded as safe counterparties.

76. Despite the difficult financial situation that many Local Authorities find themselves in, the legal basis underpinning them and their requirement to repay loans has not changed. It is considered very unlikely that one will be allowed to collapse and default on its debt. The language used to describe the financial position of Local Authorities and companies is very similar. However, the actual position is very different. Despite Government cuts to grants Local Authorities are in control of the majority of their income, due to their tax-raising powers. To regain a balanced budget service reductions can take place without a corresponding income reduction. Companies do not have this ability and if a service is cut by them, all of the related income stops. Historically when public sector re-organisations have taken place, resulting in the cessation of one or more entities, Central Government has nominated successor organisations. These organisations take on all of the historic assets and liabilities of the original entities. If a limited company ceases trading the known liabilities can only be settled out of the assets held by the company at that time.
77. Local Authorities remain very low risk counterparties and it is extremely unlikely that loans would not be repaid in full, on time and with full interest. The Council's treasury management advisors are aware of local authorities being on the list of authorised counterparties and are supportive of it, and comfortable that they remain low-risk counterparties. There is evidence that lending between local authorities continues to happen, including to those that have been highlighted as in very difficult financial positions.

Counterparty List

78. The combination of all these factors produces a counterparty list, for the County Council, which comprises only very secure financial institutions, and a list that is managed pro-actively as new information is available.
79. There is a requirement within the Annual Investment Strategy to state which of the approved methods of lending are specified, and which are non-specified. In broad terms a specified investment will be capable of repayment within one year and be made to a counterparty with a high credit rating; by implication non-specified investments are riskier than specified investments as they are either for longer periods of time or to lower-quality counterparties. Anything that does not meet either of these 'tests' is, by default, non-specified and must be highlighted as such within the Strategy. The long-term nature of the 'LOBO-offset' loan to Danske Bank means that it is non-specified investment, although the off-setting nature of the borrowing and the loan actually makes it low risk. Investment in pooled private debt, capital release funds, pooled property and pooled infrastructure funds are also non-specified, primarily due to the illiquid and medium-term nature of the investment.

Investment	Repayment within 12 months	Level of Security	Maximum Period	Maximum % of Portfolio or cash sum ¹
Term deposits with the Debt Management Office	Yes	Government-Backed	1 year	100%
UK Government Treasury Bills	Yes	Government-Backed	1 year	100%
Term deposits with credit-rated institutions with maturities up to 1 year ² (including both ring fenced and non-ring fenced banks)	Yes	Varied acceptable credit ratings, but high security	1 year	100%

Term deposits with overseas banks domiciled within a single country.	Yes	Varied acceptable credit ratings, but high security	1 year	£70m
Private Term deposits that are legally capable of offset against existing LOBO borrowing that the Council has ³	No	Varied, but off-setting nature of borrowing against loan gives a very low risk	20 years	25%
Money Market Funds: Constant NAV ⁴ Low Volatility NAV ⁵	Yes	At least as high as acceptable credit – rated banks	Daily, same-day redemptions and subscriptions	£200m (includes any investment in variable NAV MMFs)
Variable NAV Money Market Funds ⁶	Yes	At least as high as acceptable credit – rated banks	Same day subscriptions, 2 – 3 day redemption period	£160m (includes any investment in other MMFs)
Pooled private debt funds	No	Diversification within pooled fund and historic loss rate suggests high security	Varies across funds – likely to be at least a three year investment period, followed by a further three years to redeem all loans	£50m (£30m plus temp £20m overlap at renewal)
Pooled bank capital release funds	No	Diversification within pooled fund, resilience of SME loans to default and historic loss rate suggests high security	Varies across funds – likely to be at least an 18 month investment period, followed by a further 5 years to redemption	£20m
Pooled Property Funds	No	Diversification within pooled fund, exposure to UK property market.	Varies across funds	£20m
Pooled Infrastructure Funds	No	Diversification within pooled fund, exposure to global core infrastructure assets.	Open ended	£15m
Term Deposits with UK Local Authorities up to 1 year	Yes	LA's do not have credit ratings, but high security	1 year	50%
Certificates of Deposit with credit-rated institutions with maturities of up to 1 year	Yes	Varied acceptable credit ratings, but high security	1 year	100%

- (1) As the value of the investment portfolio is variable, the limit applies at time of agreeing the investment. Subsequent changes in the level of the portfolio will not be classed as a breach of any limits.
- (2) For administrative purposes a commitment may need to be made in advance of the investment period commencing. To avoid being overexposed with a counterparty this will be kept to a few days.
- (3) Non-specified investment
- (4) Funds where the capital value of a unit will always be maintained at £1. These funds have to maintain at least 99.5% of their assets in government backed assets.
- (5) Funds are permitted to maintain the unit price at £1 as long as the net asset value does not deviate by more than 0.20% from this level.
- (6) Funds will value their units on the basis of the underlying value of the assets that they hold; the unit price will not necessarily always be exactly £1

80. Following the lasting implications of the Covid-19 pandemic, in particular, the demonstration that unforeseeable events can very quickly cause significant uncertainty and shock financial markets, it is recognised that in exceptional circumstances the Director of Corporate Resources, in order to protect capital balances and liquidity, may have to take immediate action that breaches the above policy on a temporary basis. The action will only be taken as a last resort and will be reported, along with the rationale behind it, to the Corporate Governance Committee at the first opportunity.

Investment Strategy

81. The investment strategy shall be to only invest in those institutions and/or asset types that are included in the counterparty list, and only to lend up to the limit set for each counterparty. Periods for which loans are placed will take into account the outlook for interest rates and, to a lesser extent, the need to retain cash flows. There may be occasions when it is necessary to borrow to fund short-term cashflow issues, but there will generally be no deliberate intention to make regular borrowing necessary.

Environmental, Social and Governance (ESG) Policy

82. The Council is committed to being a responsible investor at all times. Responsible investment means to recognise the importance of the long-term health and stability of the financial markets, and to understand that this depends on key external non-financial factors, such as the environment, social stability and strong governance. Collectively, these factors are often referred to under the umbrella of ESG.
83. The Council's objective is to recognise all these risks, to mitigate them where possible and thereby improve the security of its portfolio in the long-term.
84. Within these risks, the Council has identified climate change as a long-term, material and systemic financial risk with the potential to significantly impact the treasury portfolio and the Council's financial resilience over time. Therefore, the Council seeks to:
- Minimise exposure to counterparties and investments heavily impacted by climate change risk;
 - Increase exposure to sectors, counterparties and investments, such as renewables, whose activities aid the transition to a lower carbon world and economy;
 - Contribute meaningfully to an improved economically sustainable future locally and nationally, without sacrificing security.
85. The Council sees positive social impact also as a key mitigation to aid long-term financial stability, and as a meaningful contribution to the local, regional and national economy. Good governance meanwhile is also critical to safeguarding the Council's reputational risk.
86. The Council will incorporate ESG issues into its analysis and decision making processes when considering the treasury portfolio and investments. The Council will seek to use data and analysis to determine the type and materiality of relevant issues for counterparties, and their alignment with the Council's core principles.
87. It is important to note that the Council shall invest on the collective basis of its investment priorities – security, liquidity, yield and ESG impact – having considered all factors contributing to the risk of its counterparties and investments, including ESG

factors to the extent these indirectly or directly impact on financial risk and return as well as the Council's broader policy objectives and reputation.

Scheme of Delegation

88. (i) Full Council
 - Approval of annual strategy
 - Other matters where full Council approval is required under guidance or statutory requirement
- (ii) Cabinet
 - Approval of updates or revisions to strategy during the year
 - Approval of Annual Treasury Outturn report
- (iii) Corporate Governance Committee
 - Mid-year treasury management updates (usually quarterly)
 - Review of treasury management policy and procedures, including making recommendations to responsible body
 - Scrutiny of Treasury Management Strategy/Annual Investment Strategy and Annual Treasury Outturn report.
- (iv) Director of Corporate Resources
 - Day-to-day management of treasury management, within agreed policy
 - Appointment of external advisers, within existing Council procurement procedures

Role of Section 151 Officer

89. The Section 151 Officer is the Director of Corporate Resources, who has responsibility for the day-to-day running of the treasury management function.

Pension Fund Cash

90. The Council will comply with the requirements of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, which were implemented on 1st January 2010, and will not pool pension fund cash with its own cash balances for investment purposes. Any investments made by the pension fund directly with the County Council after 1st April 2010 will comply with the requirements of SI 2009 No 3093. From time to time the Council will manage short term cash flow requirements for either the County Council or the Pension Fund on a non-beneficial basis (i.e., at no beneficial cost – no charge will be incurred above and beyond costs incurred).

Eastern Shires Purchasing Organisation (ESPO)

91. As part of the service level agreement with ESPO, the council provides a treasury management service on behalf of ESPO for investment of surplus balances and borrowing. This service is carried out with due regard to this policy and responsibility for day-to-day management lies with the Director of Corporate Resources. Surplus balances are invested in their own right and not pooled with the County Council.

ANNUAL STATEMENT FOR THE DETERMINATION OF THE ANNUAL MINIMUM REVENUE PROVISION (MRP)

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP). The 2003 Regulations have been further amended with full effect from April 2025 to expressly provide that in determining a prudent provision local authorities cannot exclude any amount of Capital Financing Requirement (CFR) from its calculation, unless by an exception set out in statute.

Prudent Provision.

The Authority is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The definition of what is prudent provision is determined by each local Council based on guidance rather than statutory regulation.

During 2024/25 the Authority undertook a review of its MRP policy to assess its appropriateness. The review has identified that changes to the existing policy can be made to remain prudent and to more accurately reflect the time value of money through the use of an Annuity calculation. This results in a consistent charge to the general fund for assets over their useful lives. Setting the annuity rate at the Bank of England's Monetary Policy Committee's inflation target rate of 2% is considered appropriate and prudent. MRP will increase by this percentage each year. This reflects the time value of money and can be considered to be fairer on council tax-payers as it produces a consistent charge as measured in real terms. The previous policy was to apply MRP at a rate of 2.5% per year using the straight line method. The revised approach, with effect from 2025/26, was approved by the Council in February 2025.

CIPFA's Practitioners' Guide to Capital Finance in Local Government supports the use of the Annuity method on the basis that the MRP charge to the General Fund takes account of the time value of money.

It is proposed that provision is made on the following basis:

Government supported borrowing and Prudential (unsupported) borrowing as at 31 March 2025:

Provision to be based on the estimated life of the assets remaining with repayments by annuity instalments of 2% each year. The extent of borrowing required to finance the capital programme is not directly linked to any specific projects thus in determining the average life of assets an average of 35 years has calculated for all existing assets as at 31 March 2025.

Prudential (unsupported) borrowing and expenditure capitalised by direction of the Secretary of State and certain other expenditure classified as capital incurred after 31 March 2025:

Provision to be based on the estimated life of the assets remaining with repayments by annuity instalments of 2% each year. The extent of borrowing required to finance the capital

programme is not directly linked to any specific projects thus in determining the average life of assets an average of 40 years has been taken as a proxy for the average life of assets.

The County Council will also look to take opportunities to use general underspends and one-off balances to make additional (voluntary) revenue provision where possible to reduce ongoing capital financing costs. As at 31 December 2025, the cumulative amount of voluntary MRP paid in advance was £12m.

Financial Implications

MRP is a constituent of the Financing of Capital budget shown within Central Items component of the revenue budget and for 2026/27 is estimated to total £4.2m, excluding finance lease MRP.

PRUDENTIAL AND TREASURY INDICATORS

In line with the requirements of the CIPFA Prudential Code for Capital Finance in local authorities, the various indicators that inform authorities whether their capital investment plans are affordable, prudent and sustainable, are set out below.

A further key objective of the Code is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability. The indicators for Treasury management are set out in this paper.

Compliance with the Code is required under Part I of the Local Government Act 2003.

	<u>2025/26</u> <u>Estimate</u>	<u>2026/27</u> <u>Estimate</u>	<u>2027/28</u> <u>Estimate</u>	<u>2028/29</u> <u>Estimate</u>	<u>2029/30</u> <u>Estimate</u>
Capital Expenditure	£200m	£164m	£166m	£145m	£146m
Capital financing requirement	£193m	£189m	£195m	£220m	£250m
Ratio of total financing costs to net revenue stream	2.0%	2.0%	1.9%	1.8%	1.9%
Ratio of net income from commercial activities to net revenue stream	1.0%	1.3%	1.3%	1.3%	1.3%

The projected level of capital expenditure shown above differs from the total of the detailed four year programme presented in the MTFS as an allowance has been provided to cover estimated additional expenditure that may occur during the course of a year, for instance projects funded by government grants, section 106 contributions and projects funded from the future developments programme.

The capital financing requirement (CFR) measures the Council's need to borrow for capital purposes and as such is influenced by the availability of capital receipts and income from third parties, e.g. grants and developer contributions. The CFR is increasing during the MTFS period for essential investment in services, investment for growth and invest to save projects. The prudential code includes the following as a key indicator of prudence:

'In order to ensure that over the medium term gross debt will only be for a capital purpose, the local Council should ensure that gross debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years'. In the short term this indicator will not be met due to the reduction in the capital financing requirement in recent years and the currently prohibitively expensive premiums to repay existing debt. The Council will consider options to reduce this position where they are in the long term financial interests of the Council. Further details are included in the main Treasury Management Strategy Statement and Annual Investment Strategy 2026/27.

In respect of external debt, it is recommended that the Council approves the limits detailed in the tables below for its total external debt for the next four financial years. These limits separately identify borrowing from other long term liabilities such as finance leases. The Council is asked to approve these limits and to delegate authority to the Director of Corporate

Resources, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities. Any such changes made will be reported to the Cabinet at its next meeting following the change.

There are two limits on external debt: the 'Operational Boundary' and the 'Authorised Limit'. Both are consistent with the current commitments, existing plans and the proposals in the budget report for capital expenditure and financing, and with approved treasury management policy statement and practices. They are both based on estimates of most likely, but not worst case, scenario. The key difference is that the Authorised Limit cannot be breached without prior approval of the County Council. It therefore includes more headroom to take account of eventualities such as delays in generating capital receipts, forward borrowing to take advantage of attractive interest rates, use of borrowing in place of operational leasing, "invest to save" projects, occasional short term borrowing to cover temporary revenue cash flow shortfalls as well as an assessment of risks involved in managing cash flows. The Operational Boundary is a more realistic indicator of the likely position.

Operational boundary for external debt

	<u>2026/27</u> <u>£m</u>	<u>2027/28</u> <u>£m</u>	<u>2028/29</u> <u>£m</u>	<u>2029/30</u> <u>£m</u>
Borrowing	194	200	225	255
Other long term liabilities (finance leases)	1	1	1	1
Total	195	201	226	256

Authorised limit for external debt

	<u>2026/27</u> <u>£m</u>	<u>2027/28</u> <u>£m</u>	<u>2028/29</u> <u>£m</u>	<u>2029/30</u> <u>£m</u>
Borrowing	204	210	235	265
Other long term liabilities (finance leases)	1	1	1	1
Total	205	211	236	266

In agreeing these limits, the Council is asked to note that the authorised limit determined for 2026/27 will be the statutory limit determined under Section 3(1) of the Local Government Act 2003.

Comparison of original 2025/26 indicators with the latest forecast

In February 2025 the County Council approved certain prudential limits and indicators, the latest projections of which are shown below:

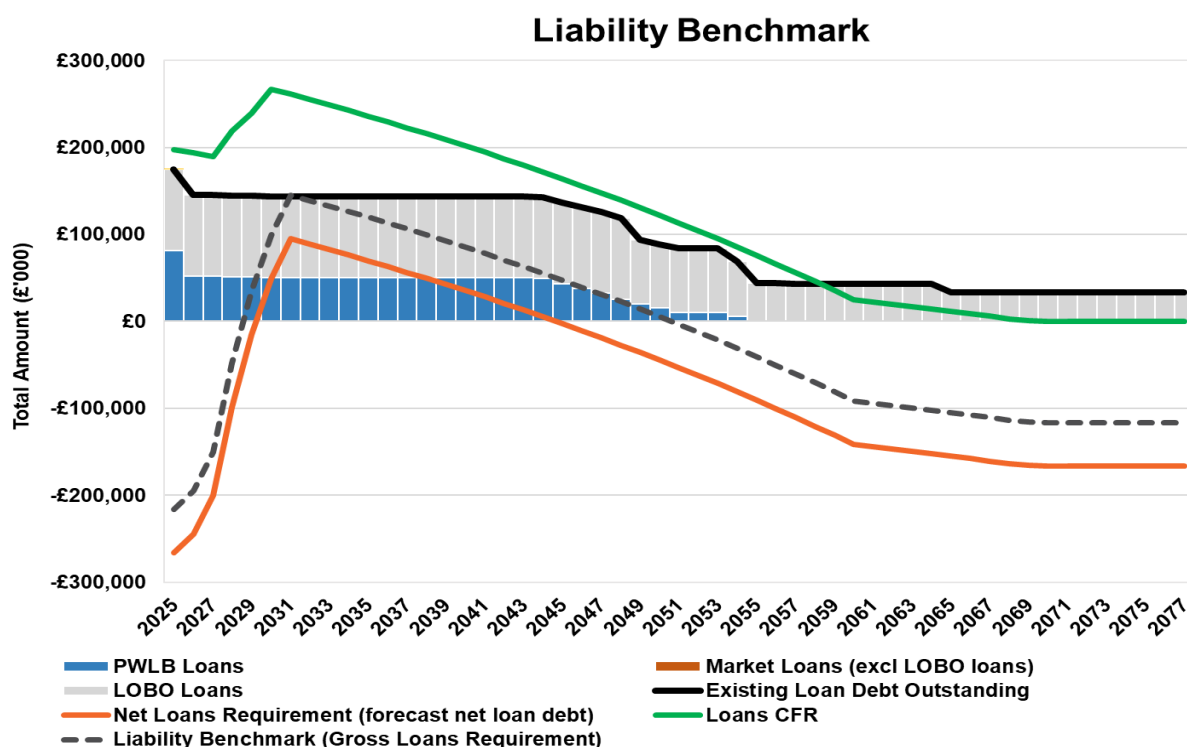
	<u>Prudential</u> <u>Indicator</u> <u>2025/26</u>	<u>Latest</u> <u>Projection</u> <u>31/12/25</u>
Actual Capital Financing Costs as a % of Net Revenue Stream	2.2%	1.9%
Capital Expenditure	£164m	£200m
Operational Boundary for External Debt	£207m	£207m
Authorised Limit for External Debt	£217m	£217m
Net Income from Commercial Activities as % of net revenue stream	1.0%	1.0%
Estimated Debt as at 31/03/2026	N/A	£146m
Capital Financing Requirement	£196m	£193m
Liability Benchmark - Gross loans requirement (£m)	£-186m	£-192m

With the exception of the capital expenditure forecast for 2025/26 all other indicators are within the targets set. The latest estimate of capital expenditure in 2025/26 is £200m compared with the original prudential indicator of £164m. The increase is due to additional government capital grants, announced after the MTFS was approved, and the rephasing of capital expenditure (and its funding) from the 2024/25 outturn. The increase in the programme is fully funded. The Director of Corporate Resources reports that no difficulties are envisaged in complying with these indicators. The latest forecast of external debt at 31 March 2026 is £146m and is within both the authorised borrowing limit and the operational boundary set for 2025/26. The maturity structure of debt is within the indicators set.

Treasury Management Indicators

The Local Government Act 2003 requires the County Council to ensure that treasury management is carried out with good professional practice. The Treasury Management and Prudential Codes includes the following as the required indicators in respect of treasury management:

- a) Liability benchmark - is a projection of the amount of loan debt outstanding that the Council needs each year into the future to fund its existing debt liabilities, planned prudential borrowing and other cash flows. This is shown by the gap between the Council's existing loans that are still outstanding at a given future date and the Council's future need for borrowing (as shown by the liability benchmark). It is presented as a chart, covering four sections:
- Existing loan debt outstanding – shown by the type of debt, to show interest risk
 - Loans capital financing requirement – same as the CFR
 - Net loans requirement (NLR) – gross debt less treasury management investments, proposed prudential borrowing, MRP and any other major cash flows forecast
 - Liability bench mark (or gross loans required) equals the net loans requirement plus short-term liquidity allowance.



The opening position is as at April 2025. At this point the net loans requirement (NLR) is calculated as outstanding debt of £175m less treasury management investments of £441m. For the Council this is a negative figure of £-266m. The liability benchmark, or gross loans requirement, is this figure plus the short-term liquidity requirements of the Council, which provides a negative figure of £-216m. This position is primarily due to funding set aside to fund the capital programme, no new prudential borrowing for over a decade and limited opportunities to repay debt early.

As the chart moves through the MTFS period 2026-30 the liability benchmark (gross loans requirement) increases as the capital strategy is actioned through prudential borrowing and earmarked reserves being used. After this date the benchmark then reduces as MRP reduces the CFR. Despite this the gross loans requirements is always below the level of existing debt outstanding which indicates that no external borrowing is likely to be required.

There are limitations with the chart in that it is focused on current commitments and makes no assumption of any future possible prudential borrowing needs. However, it is a useful tool to review the net management of the treasury position with the aim to minimise and reduce refinancing, interest and credit risk by profiling borrowing portfolio to benchmark borrowing requirements.

- b) Upper and lower limits for the maturity structure of its borrowings as follows:
Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate:

	Upper Limit %	Lower Limit%
under 12 months	30	0
12 months and within 24 months	30	0
24 months and within 5 years	50	0
5 years and within 10 years	70	0
10 years and above	100	25

- c) An upper limit for treasury management investments longer than 1 year is 25% of the portfolio.

The County Council has adopted the CIPFA code of Practice for Treasury Management in the Public Services.

ANNEX 3**POLICY ON APPROVED ORGANISATIONS FOR LENDING****APPROVED ORGANISATIONS/ LIMITS FOR LENDING**

<u>Institution*</u>	<u>Maximum Sum Outstanding/Period of Loan</u>
UK Clearing Banks and UK Building Societies**	£35m/6 months up to £55m/12months (Not special Institutions) £75m/12months (special Institutions) 'Special' = significant element of UK government ownership.
UK Debt Management Office	No maximum sum outstanding/12 months
UK Government Treasury Bills	No maximum sum outstanding/12 months
Overseas Banks	£10m/6 months £20m/12 months
Money Market Funds***	£40m ongoing limit within any AAA-rated fund, rising to £50m should the cash position necessitate. £200m maximum exposure to all Money Market Funds
UK Local Authorities	£10m/12 months
Pooled Private Debt Funds	£50m/variable 3-6 years
Pooled Bank Capital Release Funds	£20m/variable 3-6 years
Pooled Property Funds	£20m/variable
Pooled Infrastructure Funds	£15m/variable

* includes ring fenced and non-ring fenced banks.

**In the event that an investment is entered into which is legally offset against borrowing in the form of a LOBO (Lender's Option, Borrower's Option) from the same counterparty, the maximum period will be 20 years and the maximum sum will be the amount of the LOBO deal against which the legal offset exists.

*** For the most part, a practical limit of £40m will apply to each of the four MMF's available. However, if the total cash requirement for MMFs does exceed £160m (e.g. the £40m limit is reached in each), then the limit can be increased to £50m for each MMF.

The list of acceptable institutions will mirror the list of suggested counterparties maintained by MUFG Pension & Market Services, except the maximum maturity period will be restricted to 1 year and any institution with a suggested maturity period of 100 days or less will be excluded.

Some financial institutions have both a parent company and a subsidiary that are licensed deposit takers in the UK. Where this is the case a 'group limit' will apply, and this will be the limit that is given to the parent company.

In some cases the parent company will be an overseas institution and they will have UK-registered subsidiaries. Where this is the case the parent company limit will apply at a total group level, even if this limit is less than would be given to the UK subsidiary on a stand-alone basis. Any money invested with a UK subsidiary of an overseas institution will be classed as being invested in the country of domicile of the parent if the parent is an overseas institution for country-maximum purposes.

If the credit rating of an individual financial institution decreases to a level which no longer makes them an acceptable counterparty the Director of Corporate Resources will take action to bring this back into line at the earliest opportunity. It should be noted that there will be no legal right to cancel a loan early, and any premature repayment can only be made with the approval of the counterparty and may include financial penalties. Similar actions will be taken if a counterparty is downgraded to a level which allows them to remain on the list of acceptable counterparties, but where the unexpired term of any loan is longer than the maximum period for which a new loan could be placed with them.

In the event that the circumstances highlighted above occur, the Director of Corporate Resources will report to the Corporate Governance Committee.

TREASURY MANAGEMENT POLICY STATEMENT (TMPS)

1. This organisation defines its treasury management activities as:

“The management of the Council’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”
2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

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Provisional Medium Term Financial Strategy 2026-2030

Public consultation results



January 2026

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Whilst every effort has been made to ensure the accuracy of the information contained within this report, Leicestershire County Council cannot be held responsible for any errors or omission relating to the data contained within the report.

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Key findings

In total, 346 responses were received to the consultation survey, of which 77% were residents of Leicestershire and 47% were employees of Leicestershire County Council (LCC) (multiple-choice question).

Growth and Savings

When respondents were asked whether they agreed or disagreed with how the growth and savings had been allocated across services, 45% agreed and 28% disagreed (28% neither agreed nor disagreed).

Respondents were asked whether there were any savings they disagreed with. Some respondents simply said they disagreed with most or all of them, whilst others mentioned specific services including Children's and Adult's services and services for children with Special Educational Needs and Disabilities (SEND). Other savings areas that respondents disagreed with included public transport, libraries and Beaumanor Hall and Park.

Many respondents disagreed with the council proposing further rises in Council Tax, with some expressing concern about increases at a time when residents are already stretched. Several respondents felt that residents are paying more tax to receive less services, and a few expressed frustration at proposed rises to Council Tax when the new council leadership had stated that they would not increase Council Tax in their manifesto. Although responses referencing Council Tax were largely negative, a few respondents acknowledged that a rise is necessary or expected to fund crucial council services.

Several respondents mentioned the council's need for improving efficiencies and systems in order to make savings, including less layers of management and duplication of work tasks. A notable proportion of respondents felt that insufficient information or data was provided around proposed savings to allow them to give a meaningful response, whilst others criticised the council for paying external consultants to carry out the council's efficiency review.

Savings Opportunities

Respondents were asked to what extent they thought the areas identified by the council should contribute to savings. Overall, the response was largely positive, with over 70% of respondents considering the areas identified should contribute to savings either 'A great deal' or 'To some extent'. 'Procurement of external spend' was the area which respondents felt should most contribute to savings. The area that respondents were least supportive of was 'Use of technology/ artificial intelligence to improve efficiency'.

Respondents were asked whether they thought the areas identified were the right areas to focus on, and whether there were any other areas where they thought the council could make further savings. Common suggestions included reducing the use of external consultants and reviewing staff structures. Several respondents highlighted risks or concerns with the proposals, specifically in relation to vulnerable groups and pressure on staff.

Overpaying for procurement, improving council efficiencies, current use of council buildings, concentrating on economic growth and reviewing staff expenditure were also mentioned by respondents. Others suggested ideas around road repairs and maintenance, better use of voluntary and community services and making better use of research.

Council Tax

Just under a third of respondents (32%) said that they would be prepared to pay a 5% increase or above in Council Tax (including the adult social care precept), and over a third (36%) said they would be prepared to pay a 3% increase. Just over a fifth (21%) said they would not be prepared to pay any increase in any Council Tax and just over a tenth (11%) said they thought Council Tax should be reduced.

Ideas for growth and capital investment

When asked to comment on the areas identified for growth or capital investment, several comments highlighted areas that they felt should be prioritised, with specific references to children's and adult's services. Some of those who mentioned these services highlighted a need to focus on preventative services. Environment and transport was another common theme, with several respondents highlighting a need to focus on improvements to the road infrastructure and flood prevention. Other specific areas of focus included free access to waste and recycling centres, improving communication between local authorities and investment in Beaumanor Hall and Park.

A number of comments suggested other sources of income or funding, particularly using developer contributions to support new housing infrastructure (e.g. schools and roads) and requesting government grants for specific services. Suggestions around future savings and efficiencies was another key theme noted among comments, including references to shared IT resources, back office costs and staffing structures. Several areas of concern were raised within the comments, particularly around government funding and the impact of austerity, increasing demand for social care and increased Council Tax. A number of respondents felt they did not have enough detail to respond to the question, whilst others indicated general agreement with the ideas for growth or capital investment.

Other comments around the council's budget proposals

Respondents were asked to provide any further comments or suggestions about the council's budget proposals. The most common theme concerned perceived inefficiency of the council, with suggestions for improving efficiency and productivity and for the council to 'live within its means'. The financial impact of proposed Council Tax rises was a concern for several respondents, whilst others felt that increasing Council Tax was necessary and preferable to reducing services. Other respondents mentioned the need for fairer funding from Central Government, reducing spending on external consultants, improving road repairs and increasing spending on schools. Several respondents criticised the consultation, stating the information on proposals was too vague, insufficient and unclear.

Background

Uncertainty around Government funding and relentless growth in demand for services is dominating the council's budget proposals for 2026-30. The council's yearly core budget is £660m - or £1.3billion including all grants and income that relate to specific services. The county council is one of the biggest organisations in Leicestershire, spending more than £20million every week on crucial services for its residents.

The council's biggest funding source is Council Tax, followed by Government grants - some of which can only be spent on specific projects. Around three-quarters of the budget is spent on social care and supporting vulnerable people.

The four-year proposals earmark £131million extra for social care, which is 20% more than previous forecasts, to manage the rising demand for support for vulnerable people. Over the last 12 months, demand for children needing costly residential provision has increased by 28%. The council knows that action is needed to bridge a budget gap, forecast to exceed £100m by 2030. It is carrying out an efficiency review to help identify opportunities to close the gap and these proposals include some early ideas to reduce costs.

Proposals included:

- £131million more to support vulnerable people
- £63million to cover National Living Wage and inflation increases
- £45million of savings—plus early opportunities identified in the council's efficiency review
- A £456million four-year capital pot—to pay for improving roads, providing social care accommodation and new school places to support new housing

District councils, police, fire and parish and town councils all make up portions of residents' total Council Tax bills. Next year's proposals show the extra income that would be raised by a 2.99% increase in Council Tax, however, the final level will not be agreed until February when the level of Government funding will be known. A rise of this percentage would mean bills would increase by 97p a week, however, the council would still need to find £106million of savings by 2030.

The consultation exercise on the budget plan provided an opportunity for residents, staff, businesses, community groups, and other stakeholders to have their views heard and taken into account when the budget plan is considered and finalised by the County Council.

Methodology

Following the publication of the detailed budget proposals, a consultation summary and survey form were made available on the County Council's website for the duration of the consultation period of 17th December 2025 to 18th January 2026.

This provided the opportunity for residents and other stakeholders to have their say. Paper copies of the survey and copies in alternative formats were available on request.

Communication

A comprehensive range of communications activity promoted the budget consultation and encouraged people to have their say.

This included a Chief Executive's briefing for staff, a social media campaign (across X, Facebook, LinkedIn, Instagram and Next Door), a bespoke budget webpage, intranet content, newsletters, Leicestershire Matters, media releases and direct emails to parish councils, businesses and other stakeholders. This generated engagement across social media platforms and wide-ranging press coverage in print, online and broadcast media, which ultimately helped to generate 346 responses.

Questions

The survey asked respondents about Council Tax levels and the extent to which they agreed or disagreed with how the budget had been allocated across services. It also asked respondents the extent to which certain areas should contribute to savings, with an open-ended question to ask respondents whether these areas were the right ones to focus on and whether there any areas where they thought the council could make further savings?

Additionally the survey asked a number of other open-ended questions about the budget and the way the council works. These are listed below:

- Are there any savings you disagree with?
- Do you have any comments about the areas identified for growth or capital investment?
- Do you have any other comments about our draft budget proposals?

For each question, all comments were read by analysts, and a summary of key themes for each open-ended question was produced. All comments have been passed on to the council's Finance Service, in full, for further consideration.

A range of demographic questions were also asked, namely: gender, age, disability, ethnicity, religion, sexual orientation, postcode, whether the respondents are parents or carers of a young person aged 17 or under, or a carer of a person aged 18 or over. See Appendix 1 for the full questionnaire.

Analysis

Graphs and tables have been used to assist explanation and analysis. Question results have been reported based on those who provided a valid response, i.e. taking out the "don't know" responses and no replies where relevant.

The responses of different demographic groups were analysed and statistically significant differences are highlighted within the relevant sections of this report. See Appendix 3 for the full statistical analysis.

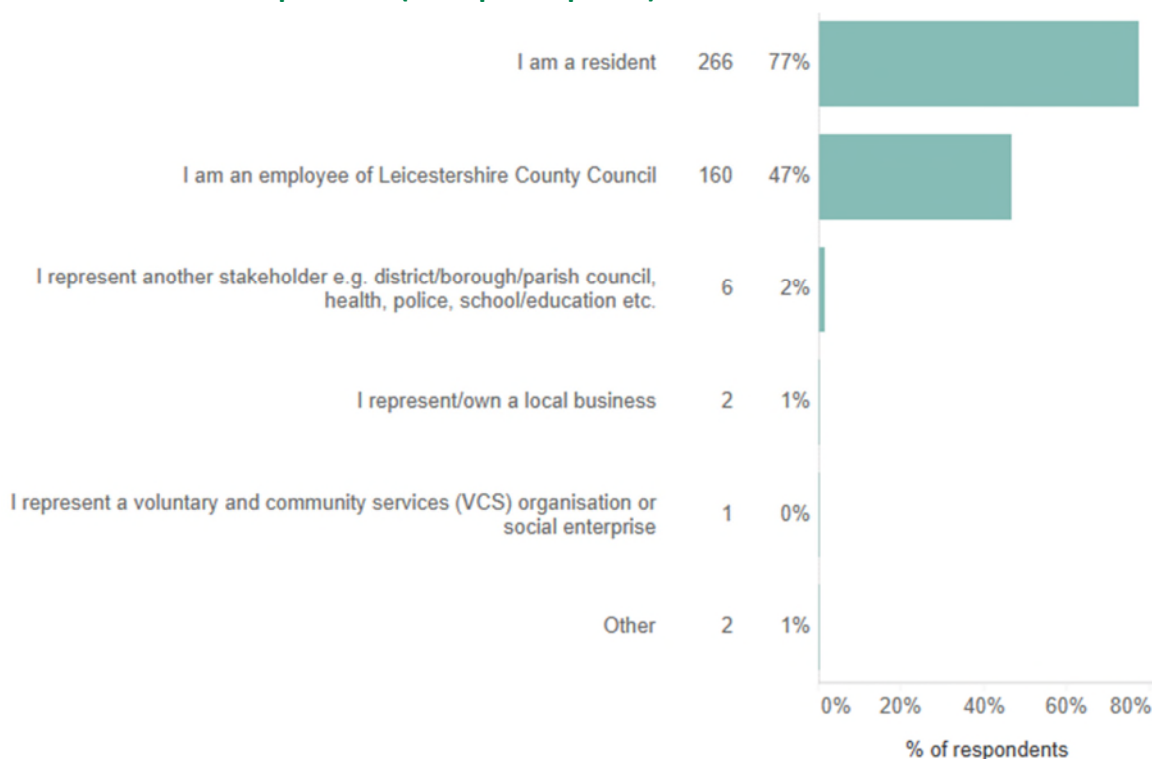
Results

In total, 346 responses to the survey were received. A full respondent profile can be found in Appendix 2.

Question 1 - Role of Respondent

Respondents were asked in what capacity they were responding to the survey. Chart 1 shows that 77% of people who completed the survey were responding as residents and 47% were employees of Leicestershire County Council (LCC). Fewer responses were from representatives of organisations. This question was multiple choice.

Chart 1 - Role of Respondent (multiple response)

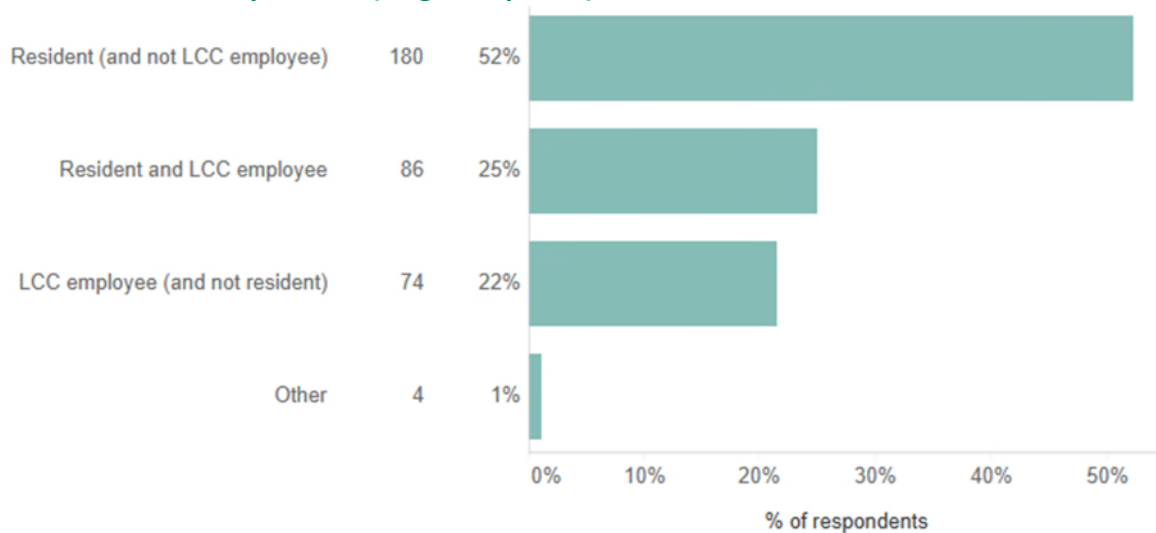


Base = 344

Chart 2 shows 52% were residents and not employees of LCC, 22% were LCC employees and not residents, and 25% were both.

Throughout the analysis that follows, a comparison has been made between the views of residents who are not LCC employees (180 respondents) and the views from LCC employees (160 respondents).

Chart 2 - Role of Respondent (single response)



Base = 344

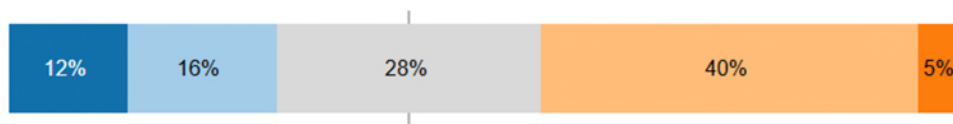
Question 4 - Growth and savings allocation

Respondents were asked to what extent they agreed or disagreed with how the growth and savings had been allocated across services. As summarised in Chart 3, 45% agreed, 28% disagreed and 28% neither agreed nor disagreed.

Chart 4 shows 32% of residents agreed with how growth and savings had been allocated across services, 39% disagreed and 29% neither agreed nor disagreed.

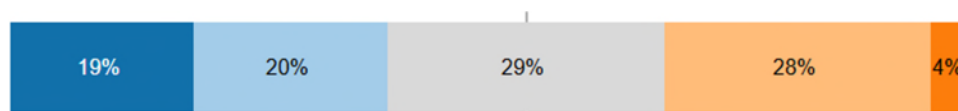
Over half of LCC employees (59%) agreed with how growth and savings had been allocated across services, 16% disagreed and 26% neither agreed nor disagreed (see Chart 5).

Chart 3 - Growth and savings allocation - All Respondents



Base = 329

Chart 4 - Growth and savings allocation - Residents only



Base = 173

Chart 5 - Growth and savings allocation - LCC employees



Base = 152

Response
 ■ Strongly disagree ■ Tend to disagree ■ Neither agree nor disagree ■ Tend to agree ■ Strongly agree

Statistical analysis shows that LCC employees (59%) and those living in Hinckley and Bosworth (63%) were significantly more likely to agree with how growth and savings had been allocated across council services, compared to the average (44%). Looking at the response from residents only (32%) were significantly less likely to agree than the average (44%).

A significantly higher proportion of those aged over 55 (33%) and those with a long-term illness or disability (30%) neither agreed nor disagreed with how growth and savings had been allocated compared with the average (28%). Respondents with a long-term illness or disability (16%) were significantly less likely to respond 'neither agree nor disagree' compared to the average (28%).

Residents (39%) and respondents aged 35-44 (41%) were significantly more likely to disagree with how growth and savings had been allocated when compared with the average (28%).

Question 5 - Disagreement with specific savings

Respondents were asked whether there were any savings they disagreed with. In total, 110 respondents provided a response to this question (40%).

Although several respondents answered “No” or “N/A”, there were many who expressed concerns or disagreed with specific savings. Some simply said they disagreed with ‘most’ or ‘all of them’. SEND (Special Education Needs and Disabilities) services, children’s and adult’s services were mentioned by several respondents, with particular concerns around cuts to special needs nurseries, Post-16 SEN transport, early years care and adult’s services accessed by elderly residents. A few of these respondents said they disagreed with cuts to vital services for vulnerable children and adults. Other savings areas that respondents disagreed with included public transport, libraries, Beaumanor Hall and Park, education and community centres. Some respondents urged the council to increase investment in highways, safe cycling routes and adult and community learning.

Many respondents disagreed with the council proposing further rises in Council Tax. Several respondents expressed concern about increases in Council Tax at a time when cost of living (such as bills and food) is also increasing. Respondents suggested that residents were already feeling stretched and costs were already too high. Some respondents felt that a high proportion of residents do not access adult or children’s social care, so therefore their Council Tax should not be increased to cover these council services, whilst others disagreed with increases in Council Tax when there are further proposed cuts to services. A few respondents expressed frustration with the new council leadership, which stated in their manifesto that Council Tax would not be increased. Whilst the comments referencing Council Tax were largely negative, there were a few respondents who acknowledged that a rise in Council Tax was necessary or expected to fund council services.

Another strong theme for criticism was the perceived inefficiency of the council. Some respondents felt that the proposed savings indicate that the council is working inefficiently, and instead of further cuts to vital services, the council should focus on improving systems and inefficiencies – which respondents believed as a result, would create savings and prevent cuts to services. There was also a view that the council had been making savings for over ten years, and there is not much more to be cut. A few respondents mentioned staffing inefficiencies, suggestions included ‘less layers of management’, ‘less duplication of work tasks’, ‘more in-house training’ and ‘a full review of roles and responsibilities’. Employing less consultants was also mentioned as a way to make savings.

A notable proportion of respondents felt more information was needed on the council’s savings for them to provide a meaningful response. Some respondents expressed frustration at the lack of sufficient detail around the proposals, whilst others said the data needed to be explained in order to understand the savings being proposed. A few respondents criticised the council for paying external consultants to carry out the efficiency review.

Other comments included references to Local Government Reorganisation, combining authorities, not saving enough on specific services and climate change.

Sample comments (for Q5)

“All of them”

“Should not cut costs for vulnerable children and adults including care”

“SEN support is vital. Mainstream schools need support to ensure children with SEN can make the required progress”

“Highways and education need maximum investment”

“The council needs to find savings, not impose further taxation on already-stretched residents, who pay their taxes”

“People are really feeling the pinch with the cost of living with all bills, food and general life. Most people cannot do things that they used to do as the essential household bills are too much already. Increasing council tax which is already over £210 a month in my household which only gets us fortnightly bin pick ups and no garden waste subscription included is just getting ridiculous. I appreciate that the services are important but there needs to be other avenues looked at rather than the working class constantly struggling, especially for services that they do not use.”

“I don’t agree with rises whilst we are not receiving a rise in services”

“REFORM UK categorically stated in their manifesto, Council Tax would not be increased if they successfully lead the council.”

“The overwhelming majority of expense is surrounding social care, but a huge proportion of residents do not need to access this in any capacity. Increased payments to these areas for something that people don’t use could be considered unfair when the services they do use are getting comparatively very little.”

“It is a false economy to cut any services which support early years care, social provisions such as libraries and community centres. These should be excluded from any cuts in spending although there may be ways to make services more efficient”

“A lot of savings could be made by less duplication of work tasks and less layers of management. Training, by allowing more in-house or smaller training companies to become involved.”

“You have provided zero data. How can we possibly provide meaningful comment?”

“Unless I have missed something there is no in depth analysis of where the savings are coming from and which departments and how that will affect the services that we provide to the citizens of Leicestershire.”

“Disagree with bringing in consultants to review the Council spend.”

“Combining authorities”

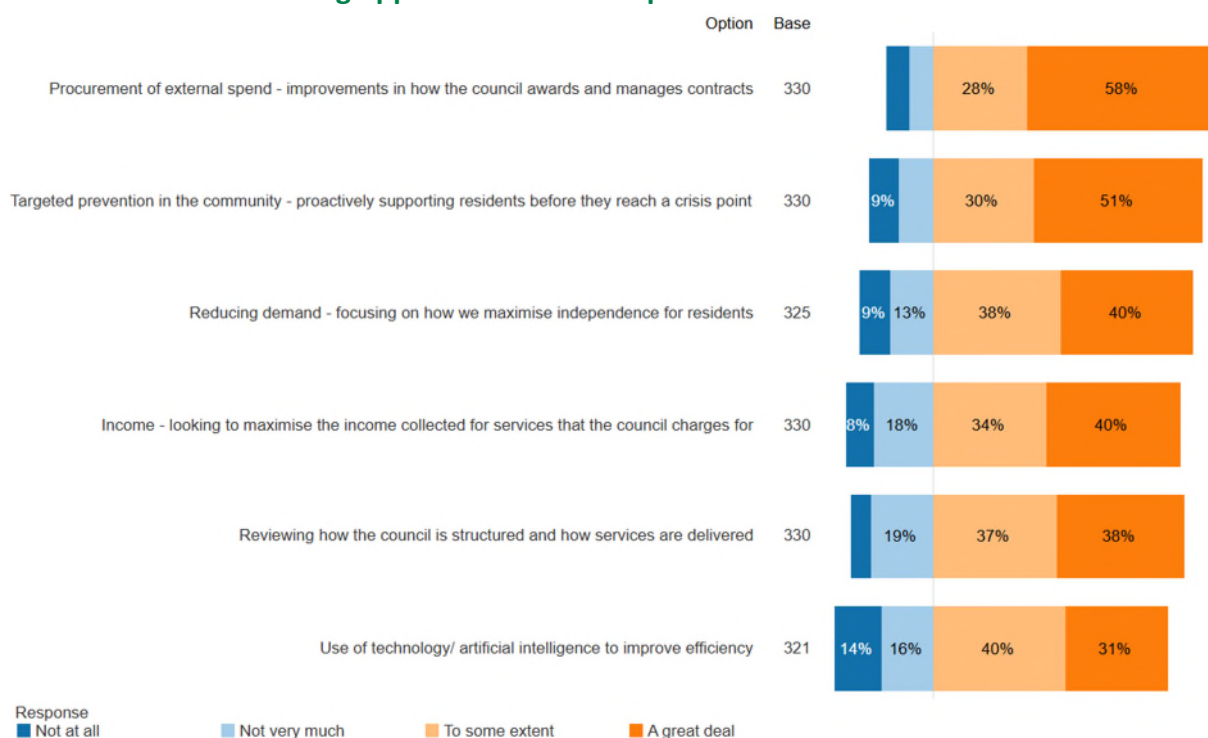
“Not saving enough on Public Health. It should not be part of local government.”

Question 6 - Focus for savings opportunities

The survey highlighted that the council is carrying out an in-depth review of all of its spending, and listed areas for savings opportunities. Respondents were asked about the extent to which they thought these areas should contribute to the council's savings.

Overall, the response was largely positive, with over 70% of respondents considering the areas identified should contribute to savings either 'A great deal' or 'To some extent'. 'Procurement of external spend' was the area which respondents felt should most contribute to savings, with 86% of respondents saying 'A great deal' or 'To some extent'. Under three quarters (71%) felt 'Use of technology/ artificial intelligence to improve efficiency' should contribute to savings 'A great deal' or 'To some extent', which was the least supported out of the six areas (see Chart 6).

Chart 6 - Areas for saving opportunities - All respondents



Statistical analysis shows that female respondents (85%) and respondents living in Blaby (93%) were significantly more likely to say that 'Targeted Prevention' should contribute to savings 'A great deal' or 'To some extent', when compared to the average (81%). Male respondents (75%) were significantly more likely to say that 'Targeted prevention in the community' should contribute to savings 'Not very much' or 'Not at all', compared to the average (19%).

Compared to the average (74%), LCC employees (79%) and respondents aged over 55 (85%) were significantly more likely to say that 'Looking to maximise the income collected for services the council charges for' should contribute to savings 'A great deal' or 'To some extent'.

Statistical analysis shows that those living in rural areas of the county (86%) were significantly more likely to say that 'Reviewing how the council is structured and how services are delivered' should be an area that contributes to savings 'A great deal' or 'To some extent' when compared to the average (75%). Those living in urban areas (73%) were significantly less likely to say this.

Respondents aged over 55 (79%) and those living in the least deprived areas (85%) were significantly more likely to say that 'Use of technology / artificial intelligence to improve efficiency' should be an area considered for savings either 'A great deal' or 'To some extent' compared to the average (70%). Those aged 35-44 (60%) and those living in the third most deprived quintile (where 1 = most deprived and 5 = least deprived) (60%) were significantly less likely to say this, when compared to the average (70%). Respondents aged 35-44 (40%) and those living in the third IMD quintile areas in Leicestershire were significantly more likely to say that 'Use of technology / artificial intelligence to improve efficiency' should contribute to savings 'Not very much' or 'Not at all', when compared to the average (30%). Those aged over 55 (21%) and those living in the least deprived areas of the county (15%) were significantly less likely to say this, than the average (30%).

Question 6a - Comments and Suggestions on areas for further savings

Respondents were asked whether they thought the savings opportunities within Question 6 were the right ones to focus on, and whether they thought there were other areas in which to make further savings. In total, 146 respondents provided a response to this question (42%).

The most common suggestion was to stop or reduce the use of external consultants. Another common suggestion related to the council staff and structure, for example, reducing the number of managers to increase front line workers or other reviews of current practice, with some suggesting a reduction in overall numbers. A similar number of respondents highlighted risks or concerns with the proposals, with concern for vulnerable groups and pressure on staff.

Procurement, with a perception of overpaying, was highlighted by several respondents, with a similar amount of people suggesting the council could be run more efficiently, with excessive bureaucracy and procedures mentioned. Spending on SEND services and other independent care providers was highlighted by some with independent care, SEND transport and SEND in general mentioned. Adult Social Care was also mentioned, but by fewer respondents.

The idea of using AI to generate savings was questioned by several respondents who were sceptical of the idea, whilst a smaller number felt that better use of AI and technology was a good idea.

It was questioned by some respondents why a spending review was taking place with the forthcoming Local Government Reorganisation. Others suggested looking at the current use of council buildings (including references to heating and lighting but also selling or leasing underused facilities), whilst the reducing the number of councillors and associated costs (e.g. expenses and support) was suggested by others.

Some respondents felt that expenditure on staff pensions could be an area for savings, whilst a similar number felt more flexible working (including contracted hours) and working from home could generate savings.

There were some ideas that were less common but were mentioned more than once. These included better road repairs and maintenance (to save future and recurring costs), receiving more income from large developers, better use of voluntary and community services, reducing expense claims and reducing or stopping the amount the council spent on benefits and childcare. A couple of comments related to research, examples included making better use of research and bringing in more research funding.

Other ideas suggested by respondents included raising Council Tax for multi-occupancy homes; stop spending on Net Zero, Equality, Diversity and Inclusion, and translation services; more money for youth clubs and young people; concentrate on economic growth; more shared services with other local authorities, reduce fraud; ask staff for ideas; increased Central Government funding; more joined up work between departments; and reduce agency spending.

Sample comments (for Q6a)

"The above areas are the right areas to look for efficiencies. The restructuring of the council/adult social care services has been attempted every couple of years. A large amount of money is spent on outside consultancy agencies to achieve the same outcomes - renaming the teams/disbanding them, without addressing deeper systemic issues. This can lead to frustration, wasted resources, and little improvement in service delivery"

"The use of artificial intelligence in my opinion has challenges and frustrations. Technology is fine if people can use it but AI is very unpopular due to its failings. Older people and vulnerable people would not be able to access the services they desperately need"

"In terms of reviewing how the council is structured, and how services are delivered, with local government just around the corner, it feels like doing the same job twice."

"Staffing structures ,better quality of road repairs"

"A total rethink and re-evaluation in services provided, and the associated costs. Public sector pay should not rise in the way it has, given private sector pay stagnation, and the pension plans for public sector workers are out of line with the rest of the working population."

"Look at footfall and focus on areas that residents can travel easily to rather than keeping little used buildings open just because they fall in poorer areas."

"Has the impact of savings made through LGR been factored in and the changes in management structure, buildings and greater strength in bargaining of contracts?"

"Ensuring people have access to the right support before reaching crisis is very sensible for all. It's impossible to comment on the others without more context"

"Investment in mainstream SEN and pull expenditure from independent non maintained provision."

Question 7 - Comments about the areas identified for growth or capital investment

Respondents were asked whether they had any other comments about the areas identified for growth or capital investment. In total, 86 respondents provided a response to this question (25%).

Apart from those who answered 'No,' 'None' or 'n/a,' many respondents highlighted areas that they felt should be prioritised, with a number mentioning children's and adult's services including education, social care, early help and SEND. Some who mentioned children's and/or adult's services also highlighted a need to focus on preventative services, along with the view that the council should invest in mental health earlier.

Environment and transport was another theme noted amongst the comments, with several highlighting a need to focus on improvements to the road infrastructure (particularly potholes) and/or flood prevention. There was also support from some respondents for more focus on sustainable transport solutions, with specific references to cycling infrastructure and public transport.

Several comments suggested a need to focus on other specific areas. These included support for the voluntary and community sector (VCS), local businesses, working parents, and for a rise in the living wage. Other comments referenced a need for further analysis and thinking outside the box along with the need for consistent funding as opposed to short term grants.

Other specific areas of focus suggested include free access to waste and recycling centres to prevent fly tipping, improvements in planning and planning reform, along with improving communication between local authorities. Investment in Beaumanor Hall and Park was mentioned as an opportunity to support wider council services, particularly young people, whilst there was also the view that Beaumanor Hall could generate income as a hotel.

A number of comments did suggest other sources of income or funding, particularly using developer contributions to support new housing infrastructure such as schools and roads. Requesting government grants for specific services was mentioned whilst others suggested generating income, for example through investment in rental property and renewable energy, or by charging for services, including learning and development, trade waste, museums and legal services.

Suggestions around further savings and efficiencies was another key theme noted amongst the comments. These included references to shared IT resources, back office costs, management, staffing and structures. Opportunities to leverage the local labour market and reduce commissioning costs by moving away from managing demand to shaping supply was also highlighted. Other more general comments suggested focusing on the basics, potential future exploration of AI, and the view that no growth is needed.

Several areas of concern were raised within the comments. These included general concerns around government funding and the impact of austerity, whilst others mentioned specific service areas such as increasing demand in social care and privatisation, SEND costs,

transport costs, funding of school places, farms sales and staffing concerns. Concern about increased Council Tax or rates and concern around the implications of local government reorganisation was also noted.

A number of respondents felt that they did not have enough detail to respond to the question, whilst a few reflected a general disagreement or negative view of the proposals. Others did not make a specific comment in response to this question but referred to their previous answers.

Several comments indicated general agreement with the ideas for growth or capital development and/or reflected a positive viewpoint, including the view that the council had been run efficiently despite underfunding. Others suggested agreement with the ideas but with a cautionary message, such as the need for wise investment and for it to be ethical, future-proofed, evidence-led, disciplined and aligned with protecting services and

Sample comments (for Q7)

"Children's services are [in] great need and they will eventually move into the adult social care arena - as SEN covers up to 25, they will instantly become part of the [Adult] SC budget when they age out. - focus on this holistically to ensure support is in place earlier and maximise independence would be beneficial and reduce the strain on adult services."

"Potholes need sorting more roads need gritting in bad weather"

"I generally agree but would say that the majority of the cost for new school places should be met by the developers of the new housing."

"Some chargeable services for those that can afford it e.g. learning & development modules for businesses"

"Greater use of shared IT resources. Inc Children's adults and external. Spending on flood prevention/ infrastructure. So much time and money is lost to the Department/government in time wasted."

"You haven't really provided any detail. Presume investment for new school places should be funded through developer contributions, or does the Council have to top this up - if so by how much. What are the proposals for social care accommodation - where will it be. Is this the right time given pending LGR and potential boundary changes with the City? Where is the investment in roads going - Melton [distributor] - but what else? Are there plans to break the endless cycle of filling potholes, rather than improving roads."

"Why had it taken so long to identify such simple areas of savings"

"Investment and growth should be relative to need and not to the disadvantage of service delivery"

"Ensure that any investment is ethically done and reflects the council core values. Future proof any new buildings/upgrades to be fit for purpose and future proofed to be separated/co-shared if service change or demand reduces."

"The ideas for capital investment appear sound and based on need/demand."

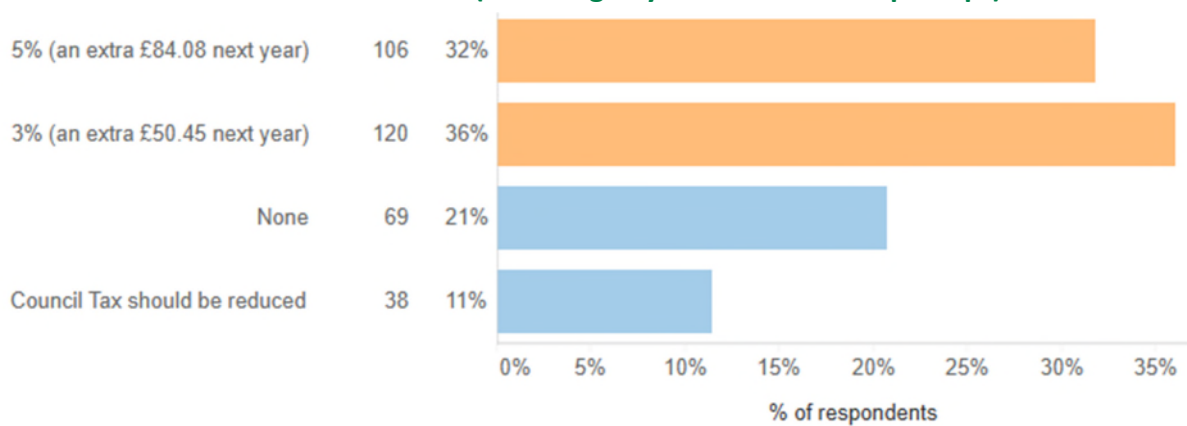
Council Tax increase

Respondents were asked what Council Tax increase they would be prepared to pay next year, to fund county council services (including both the core and adult social care precepts). Chart 7 shows that 68% were prepared to pay an increase in Council Tax.

Just under third of respondents (32%) were prepared to pay an increase of 5% and over a third (36%) were prepared to pay an increase of 3%

Just over a fifth (21%) said they did not want any increase in Council Tax and just over a tenth (11%) said they thought Council Tax should be reduced.

Chart 7 - Total Council Tax increase (including any adult social care precept)



Base = 333

Statistical analysis showed that LCC employees (39%) and those aged 45-54 (42%) were significantly more likely to agree with a total Council Tax increase of 5%, when compared to the average (32%). Residents (25%) were significantly less likely to agree to an increase of 5% than the average.

When compared to the average (36%), respondents who were aged over 55 (46%) and those living in Blaby (53%) were significantly more likely to agree to a Council Tax increase of 3%, whereas respondents aged 35-44 were significantly less likely to agree (25%).

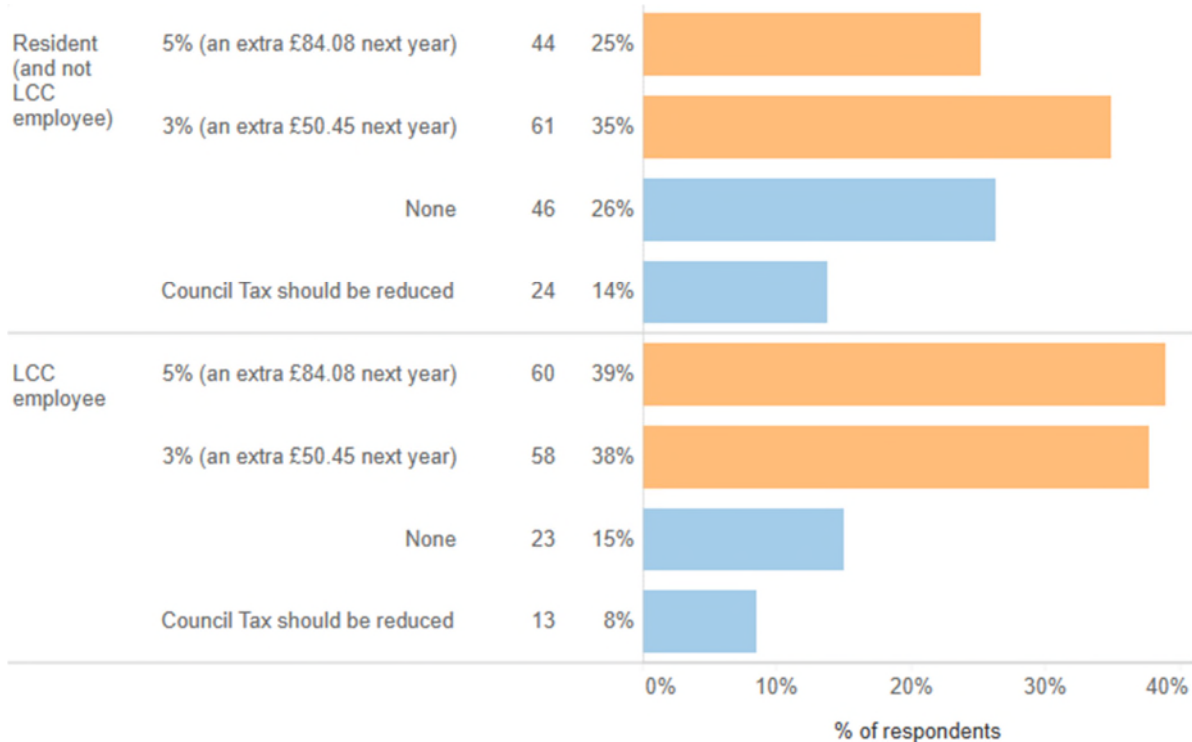
Of those who indicated a preference for no increase in Council Tax, residents (26%) were significantly more likely to agree when compared to the average (21%). LCC employees (15%) were significantly less likely to agree with no increase in Council Tax compared to the average (21%).

Respondents aged 35-44 (22%) or those who said they were a parent or carer of a young person aged 17 or under (19%) were significantly more likely to be in favour of reducing Council Tax than the average (11%). Those aged over 55 (6%), those who were not a parent or carer of a young person (6%) and those living in Blaby (2%) were significantly less likely to be in favour of reducing Council Tax than the average (11%).

Chart 8 shows the comparison of responses between residents and LCC employees for a proposed total increase in Council Tax (including any adult social care precept). A higher proportion of LCC employees (39%) were prepared to pay a Council Tax increase of 5% compared to residents (25%). A slightly higher proportion of LCC employees (38%) were prepared to pay an increase of 3% when compared to residents (35%).

A larger proportion of residents were not prepared to pay any increase in Council Tax (26%) or thought Council Tax should be reduced (14%) compared to LCC employees (15% and 8%, respectively).

Chart 8 - Council Tax increase (including any adult social care precept) - by role



Resident base: 175
LCC employee base: 154

Question 9 - Other comments on the council's budget proposals

Respondents were asked to provide any other comments they had about the council's draft budget proposals. In total, 136 respondents provided a response to this question (39%). Apart from those who responded "No" or "None", the response to this question was mixed.

Comments could be broadly grouped by theme. The most common theme concerned the efficiency of the council, which contained general comments about improving efficiency and productivity, but also more specific comments referencing children's services expenditure being out of control, that large salaries should be reduced and the council needing to live within its means.

Another common theme was criticism of the information provided for the consultation, with some respondents stating that the information was not sufficient, not clear, lacked detail and that the proposals were too vague.

The financial impact of a Council Tax rise was mentioned by several respondents, often relating to the cost of living. Some felt that any rise should not exceed inflation or other rises in income, whilst others said it was unaffordable and would cause hardship. A similar number of comments suggested that the council had 'promised' to either freeze or reduce Council Tax and some felt that this promise had been broken.

There was some support for raising Council Tax, with a few respondents who felt it was necessary and would be preferable to reducing services. Several respondents felt the county should receive more from Central Government, indicating concern that Leicestershire was not receiving 'fair' funding.

The theme of consultants was again mentioned with concerns about reduced consultant spending being mentioned by some respondents. Others mentioned specific topics including reducing spending on flags, improving youth facilities, increasing spending on schools, improving road repairs and reducing Adult Social Care. The view that there should be no change to working patterns and that redundancies should be avoided was also noted.

Sample comments (for Q9)

"It looks like there needs to be a reduction in the amount spent on adult social services"

"I disagree with your approach. You should be raising Council Tax instead of relying on savings- let's face it, 'savings' is just a euphemism for cuts."

"We simply can't afford to pick up more and more in taxation - residents are stretched, we can't afford our own bills. We're at our wits' end, and the thought of putting up council tax further is such a blow. Please don't punish us further, we just can't manage to pay more."

"Should be focused on wasteful expenditure, overstaffing and lack of productivity"

"You continue to increase council tax... but the services do not justify the increase."

"You said they'd be no increase to council tax. Yet here we are!"

"Do not employ external consultants and reinvest that money in something more practical."

"Not much detail yet... interested to see how this vague plan will work."

"Changes are needed in the council's structure to enable targeted prevention, and more help for people who need it"

"Council Tax increases appear to be your only answer but are NOT affordable for many residents who struggle to meet day to day living costs. I work for LCC and my annual salary is not in line with inflation or increases with the proposed council tax increase. I do not agree with this"

"I don't agree with the council tax increase but cannot see another way of boosting our income - However fair funding from central government should be a must - Leicestershire is one of the lowest funded councils and has been for years to bring us in line with other comparable authorities may fill some of the gaps we have"

"School and nursery funding is essential"

Communications

Question 10 - How the respondents found out about the consultation

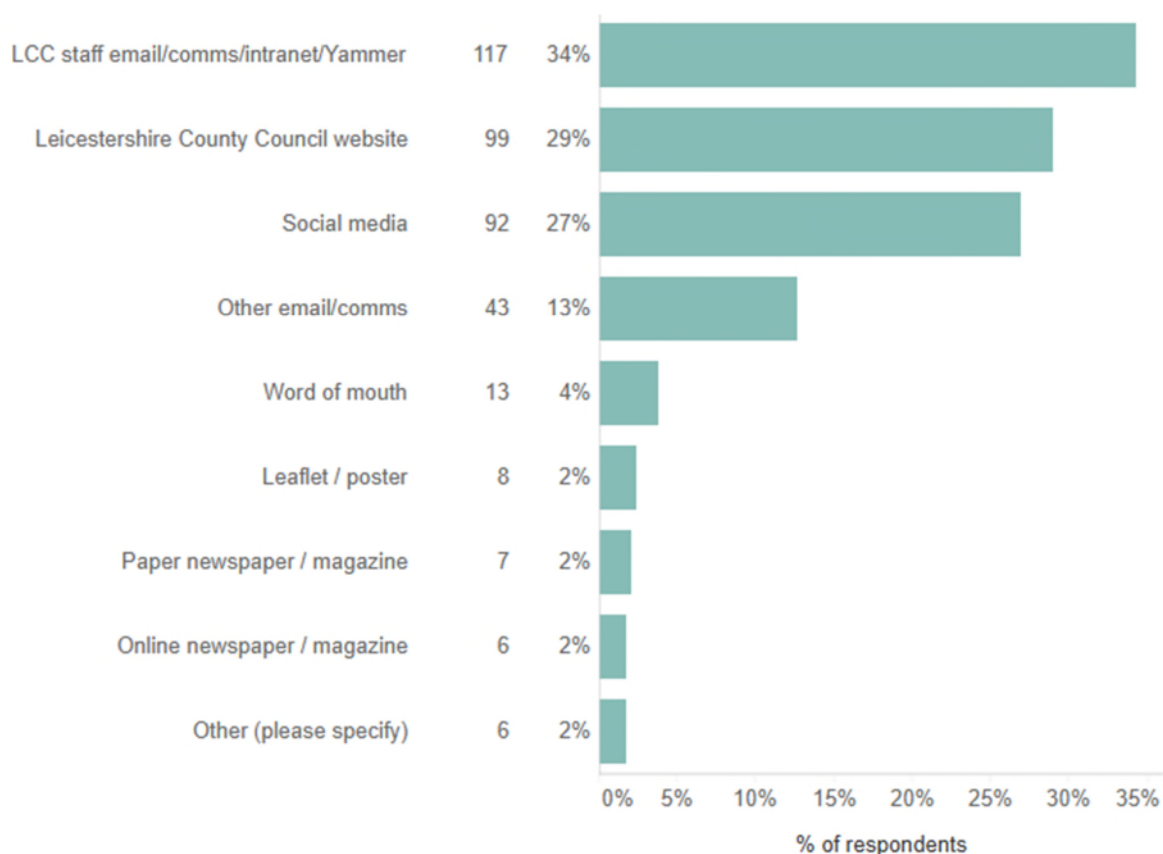
The questionnaire asked respondents how they found out about this consultation.

Chart 9 shows that over a third (34%) of respondents said they found out about the consultation through LCC staff email/comms/intranet/Yammer and a similar proportion found out through the Leicestershire County Council website (29%) or social media (27%).

Over a tenth of respondents said they found out from other emails or communications (13%). A smaller proportion said they found out through word of mouth, online newspaper/magazine, paper newspaper/magazine, leaflet/poster, radio or television.

Some respondents said they found out about the consultation through other sources, including message from a Parish Council, a Cabinet report and LinkedIn or other social media.

Chart 9 - How respondents found out about the consultation (multiple response)



Base = 341

Appendix 1 - Questionnaire



Have your say on our draft budget plans 2026 - 2030

Background

We've published our four-year draft budget proposals for 2026-30.

Uncertainty around Government funding and relentless growth in demand for services is dominating - 20% more compared to the previous budget.

We know that action is needed to bridge a budget gap, forecast to exceed £100m by 2030. We're carrying out an efficiency review to help identify opportunities to close the gap and these proposals include some early ideas to reduce costs.

Over the next few months, the review expects to identify more options to unlock savings, allowing us to develop a comprehensive efficiency plan.

Our yearly net budget totals £660m. The county council is one of the biggest organisations in Leicestershire, spending more than £20m every week on crucial services for our residents.

District councils, police, fire and parish and town councils all make up portions of residents' total Council Tax bills.

If you have any comments about the draft budget proposals, we would like to hear from you. Your views will be taken into consideration when the council finalises its spending plans.

We would encourage you to read the budget proposals web page, or the supporting information enclosed before completing the survey: <http://www.leicestershire.gov.uk/budget>

Consultations on individual proposals will be brought forward in due course.

The closing date for this consultation is midnight **18 January 2026**.

Thank you for your assistance. Your views are important to us.

Please note: Your responses to the main part of the survey (including your comments) may be released to the general public in full under the Freedom of Information Act 2000. Any responses to the questions in the 'About you' section of the questionnaire will be held securely and will not be subject to release under Freedom of Information legislation, nor passed on to any third party. To find out more about how, why and what information we use please visit <https://www.leicestershire.gov.uk/about-the-council/data-protection-and-privacy>

Your role

Q1 In which role(s) are you responding to this consultation? Please tick all applicable.

- ☐ I am a resident
- ☐ I represent/own a local business
- ☐ I represent a voluntary and community services (VCS) organisation or social enterprise
- ☐ I represent another stakeholder e.g. district/borough/parish council, health, police, school/education etc.
- ☐ I am an employee of Leicestershire County Council
- ☐ Other

Please specify 'other' below

Q2 If you indicated that you represent an organisation, business, community group, school/other educational establishment, please provide your details.

Name:

Organisation:

Q3 Are you providing your organisation's official response to the consultation?

- ☐ Yes
- ☐ No

Our proposals

We have published our 2026-2030 spending plans for consultation.

The proposals at a glance:

- A budget gap of over £100m by 2029/30
- Around £131m more to support vulnerable people – in response to huge increase in demand
- Next year's proposals show the extra income that would be raised by a 2.99% Council Tax rise - but the final level won't be agreed until February, when there should be clarity on Government funding
- £63m to cover National Living Wage and inflation increases
- £45m of savings – plus early opportunities identified in our efficiency review
- A £456m four-year capital pot – to pay for improving roads, providing social care accommodation and new school places needed to support new housing

The Council Tax bill for county council services in 2025/26 is currently £1,681.50 per year for a band D property. Every 1% increase in Council Tax generates £4.2m of extra income each year to help close the budget gap and reduce the need to make savings.

Council Tax is one of the most important considerations when preparing the council's budget. It is an important source of income and an increase in Council Tax can help protect vital services by closing the budget gap. We are also aware of the need to balance any increase in Council Tax with the impact it has on our residents.

The 2.99% increase currently included in the draft budget proposals will raise income of £12.9m - to help close the budget gap and reduce the need to make savings - and increase bills by 97p per week. If the council decides to go for the maximum increase (4.99%), bills would increase by a further 65p and raise a further £8.6m to fund existing services (£21.5m in total).

Q4 Overall, to what extent do you agree or disagree with how the growth and savings have been allocated across our services?

Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree	Don't know
☐	☐	☐	☐	☐	☐

Q5 Are there any savings you disagree with?

Provisional Medium Term Financial Strategy 2026-30

The council is carrying out an in-depth review of all of its spending. Savings opportunities are likely to be focused on the following areas:

- Targeted prevention in the community - proactively supporting residents before they reach a crisis point and need formal support from the council
- Reducing demand - focusing on how we maximise independence for residents and improve outcomes independence
- Procurement of external spend - improvements in how the council awards and manages contracts to ensure we are procuring the highest quality services, at the best value
- Reviewing how the council is set up and structured and how services are delivered
- Income - looking to maximise the income collected for services that the council charges for
- Use of technology/ artificial intelligence to improve efficiency

Q6 To what extent, if at all, do you think the following areas should contribute to savings?

	A great deal	To some extent	Not very much	Not at all	Don't know
Targeted prevention in the community -proactively supporting residents before they reach a crisis point	☐	☐	☐	☐	☐
Reducing demand - focusing on how we maximise independence for residents	☐	☐	☐	☐	☐
Procurement of external spend - improvements in how the council awards and manages contracts	☐	☐	☐	☐	☐
Reviewing how the council is structured and how services are delivered	☐	☐	☐	☐	☐
Income - looking to maximise the income collected for services that the council charges for	☐	☐	☐	☐	☐
Use of technology/ artificial intelligence to improve efficiency	☐	☐	☐	☐	☐

Do you think the areas above are the right areas to focus on? Are there any areas where you think we could make further savings?

Q7 Do you have any comments about the areas identified for growth or capital investment?

The table below gives an example of the financial impact of different Council Tax increases, both for the Council's budget but also for the amount a household has to pay:

Q8 Bearing in mind the Council Tax information above, what Council Tax increase would you be prepared to pay next year to fund county council services (including both the core and adult social care precepts).

The figures in brackets show what this increase would be next year for a household in a band D property.

- ☐ 5% (an extra £84.08 next year)
- ☐ 3% (an extra £50.45 next year)
- ☐ None
- ☐ Council Tax should be reduced
- ☐ Don't know

Any other comments

Q9 Do you have any other comments about our draft budget proposals?

Q10 How did you find out about this consultation? Please tick all applicable.

- ☐ Leicestershire County Council website
- ☐ Word of mouth
- ☐ Leaflet / poster
- ☐ Online newspaper / magazine
- ☐ Paper newspaper / magazine
- ☐ Social media
- ☐ Television
- ☐ Radio
- ☐ LCC staff email/comms/intranet/Yammer
- ☐ Other email/comms
- ☐ Other (please specify)

Please specify 'Other' below

About you

Leicestershire County Council is committed to ensuring that its services, policies, and practices are free from discrimination and prejudice, address the needs of all sections of the community and promote and advance equality of opportunity.

Many people face discrimination in society because of their personal circumstances and for this reason we have decided to ask these monitoring questions.

We would therefore be grateful if you would answer the following questions. You are under no obligation to provide the information requested, but it would help us greatly if you did.

Q11 What is your gender? Please select one option only.

- ☐ Male
- ☐ Female
- ☐ I use another term

Q12 What was your age on your last birthday? (Please enter your age in numbers not words)

Q13 What is your postcode? This will help us understand views in different areas.

Q14 Are you a parent or carer of a young person aged 17 or under? Please select one option only.

- ☐ Yes
- ☐ No

Q15 Are you a carer of a person aged 18 or over? Please select one option only.

- ☐ Yes
- ☐ No

A carer is someone of any age who provides unpaid support to family or friends who could not manage without this help.

Q16 Do you have a long-standing illness, disability or infirmity? Please select one option only.

- ☐ Yes
- ☐ No

Provisional Medium Term Financial Strategy 2026-30

Q17 What is your ethnic group? Please select one option only.

- ☐ White
- ☐ Mixed
- ☐ Asian or Asian British
- ☐ Black or Black British
- ☐ Other ethnic group

Q18 What is your religion or belief? Please select one option only.

- ☐ No religion
- ☐ Christian (all denominations)
- ☐ Buddhist
- ☐ Hindu
- ☐ Jewish
- ☐ Muslim
- ☐ Sikh
- ☐ Any other religion or belief

Q19 What is your sexual orientation? Please select one option only.

- ☐ Bi
- ☐ Gay or Lesbian
- ☐ Straight/ Heterosexual
- ☐ I use another term

Thank you for your time. Your views will be considered before the budget is finalised in February 2026.

Data Protection: Personal data supplied on this form will be held on computer and will be used in accordance with current Data Protection Legislation. The information you provide will be used for statistical analysis, management, planning and the provision of services by the county council and its partners. Leicestershire County Council will not share any personal information collected in this survey with its partners. The information will be held in accordance with the council's records management and retention policy. Information which is not in the 'About you' section of the questionnaire may be subject to disclosure under the Freedom of Information Act 2000.

Appendix 2 - Respondent profile

Age	Survey Responses		2021 Census (15+)
	346	% Ex NR*	%
Under 15	0	0.0	16.4
15-24	2	0.7	11.7
25-34	26	8.7	12.0
35-44	57	19.0	12.1
45-54	86	28.7	13.7
55-64	97	32.3	13.3
65-74	23	7.7	11.2
75-84	9	3.0	7.0
85 or above	0	0.0	2.6
No reply	46		13.3

Gender	Survey Responses		2021 Census
	346	% Ex NR*	%
Male	125	38.6	49.4
Female	194	59.9	50.6
I use another term	5	1.5	
No reply	22		6.4

Do you have a long-standing illness or disability?*	Survey Responses		2021 Census
	346	% Ex NR*	%
Yes	84	26.7	16.2
No	231	73.3	83.8
No reply	31		9.0

*2021 Census asks if respondents day-to-day activities are limited a lot

Ethnicity	Survey Responses		2021 Census
	346	% Ex NR*	%
White	279	91.8	87.5
Mixed	2	0.7	2.2
Asian or Asian British	13	4.3	8.2
Black or Black British	2	0.7	1.1
Other ethnic group	8	2.6	1.0
No reply	42		12.1

Sexual orientation	Survey Responses		2021 Census
	346	% Ex NR*	%
Bi	2	0.7	1.0
Gay or Lesbian	13	4.5	1.2
Straight/Heterosexual	262	91.6	91.1
I use another term	9	3.1	0.2
No reply	60		6.5

Provisional Medium Term Financial Strategy 2026-30

What is your religion?	346	Survey Responses		2021 Census
		% Ex NR*	% Inc NR*	%
No religion	149	49.2	43.1	40.3
Christian (All denominations)	132	43.6	38.2	45.8
Buddhist	3	1.0	0.9	0.3
Hindu	5	1.7	1.4	3.7
Jewish	1	0.3	0.3	0.1
Muslim	3	1.0	0.9	2.3
Sikh	1	0.3	0.3	1.7
Any other religion or belief	9	3.0	2.6	0.5
No reply	43		12.4	5.5

Are you a parent or carer of a young person aged 17 or under?	346	Survey Responses		2021 Census
		% Ex NR*	% Inc NR*	%
Yes	108	34.2	31.2	(Census data includes all people cared for regardless of age)
No	208	65.8	60.1	
No reply	30		8.7	

Are you a carer of a person aged 18 or over?	346	Survey Responses		2021 Census
		% Ex NR*	% Inc NR*	%
Yes	74	23.6	21.4	(Census data includes all people cared for regardless of age)
No	240	76.4	69.4	
No reply	32		9.2	

District	346	Survey Responses		2021 Census
		% Ex M/O [#]	% Inc M/O [#]	%
Blaby	47	18.3	13.6	14.5
Charnwood	55	21.4	15.9	25.8
Harborough	25	9.7	7.2	13.7
Hinckley & Bosworth	43	16.7	12.4	16.0
Melton	15	5.8	4.3	7.3
North West Leicestershire	42	16.3	12.1	14.7
Oadby & Wigston	7	2.7	2.0	8.1
Missing/ Invalid/ Non-Leics Postcode	23	8.9	6.6	
	89		25.7	

National IMD quintile 2019	346	Survey Responses		2021 Census
		% Ex NR*	% Inc NR*	%
1 (most deprived)	6	2.3	1.7	1.6
2	26	10.1	7.5	10.7
3	44	17.1	12.7	16.6
4	94	36.6	27.2	33.5
5 (least deprived)	87	33.9	25.1	37.6
Null / No reply	89		25.7	

*NR = No reply

[#] M/O = Missing/invalid or Other Authority postcode

Appendix 3 - Statistical Analysis

How to read these tables

These tables allow you to statistically compare a response by a specific demographic group against the overall respondent sample. The statistical test used to identify statistical significance is called chi-square.

Statistical significance using chi-square tests is determined by looking at the difference between the expected and observed proportion of respondents. For example if 50% of the whole sample said 'agree' for a given question, the expected proportion of any demographic (e.g. males) saying 'agree' is 50%. The expected proportion is then compared to the actual/observed proportion of the demographic who said 'agree', and a measure of statistical significance is calculated.

To maximise statistical reliability, responses were aggregated where appropriate. For example, Matrix 1 displays the statistical analysis for Question 4. Responses were aggregated into 'Agree' = ('Strongly agree' and 'Tend to agree') and 'Disagree' = ('Strongly disagree' and 'Disagree').

Matrix 1

Question 4: “Overall, to what extent do you agree or disagree with how the growth and savings have been allocated across our services?”

Response Avg %	Role (combined response)		Gender		Age		Disability		Ethnic group		Religion		Parent/ Carer u17		Carer o18		Sexual Orientation		District		IMD Quintile		R/U Classification	
	LCC Employee	Resident (and not LCC employee)	Female	Male	Use another term	35-44	45-54	Under 35	55+	Yes	No	White	Non-white	No religion	Christian (all denominations)	Non-Christian	Yes	No	Yes	No	Yes	No	Yes	No
Agree	44	32	49	41	20	39	45	88	46	55	43	47	33	46	50	21	42	48	36	49	42	48	48	48
	59	32	49	41	20	39	45	88	46	55	43	47	33	46	50	21	42	48	36	49	42	48	48	48
Neither agree nor disagree	28	29	26	29	40	20	23	11	33	16	30	27	19	22	30	32	25	28	36	24	26	23	26	23
	26	29	26	29	40	20	23	11	33	16	30	27	19	22	30	32	25	28	36	24	26	23	26	23
Disagree	28	39	26	30	40	41	33	21	21	29	26	26	48	32	20	47	33	25	28	28	38	26	26	30
	15	39	26	30	40	41	33	21	21	29	26	26	48	32	20	47	33	25	28	28	38	26	26	30

Significance

Very significantly higher

Significantly higher

Significantly lower

Very significantly lower

Similar

Suppressed

Matrix 2

Question 6: "To what extent, if at all, do you think the following areas should contribute to savings?"

- a) Targeted prevention in the community - proactively supporting residents before they reach a crisis point
b) Reducing demand - focusing on how we maximise independence for residents

Number	Response	Avg %	Role (combined response)	Gender	Age	Disability	Ethnic group	Religion	Parent/ Carer u17	Carer o18	Sexual Orientation	Blaby	Charnwood	Harborough	Melton	North West Leicestershire	Non-Leicestershire authority	Hinckley and Bosworth	Oadby and Wigston	1 - most deprived	2	3	4	5 - least deprived	Urban	Rural
			LCC Employee	Female	35-44	Yes	White	No religion	Yes	No	LGB+	Stright/ Heterosexual	83	65	64	90	87	76	71	100	85	74	80	87	81	84
	A great deal / to some extent	81	79	85	70	83	82	81	83	80	85	80	84	80	84	80	80	80	80	80	80	80	80	80	81	84
Targeted prevention (Q6a)				Male	45-54	No	Non-white	Christian (all denominations)	No	Yes	No	Stright/ Heterosexual	75	60	60	82	77	77	77	77	77	77	77	77	77	77
	Not very much / not at all	19	17	21	30	17	18	19	17	20	15	19	17	35	36	10	13	24	29	0	15	26	20	13	19	16
				Female	35-44	Yes	White	No religion	Yes	No	LGB+	Stright/ Heterosexual	78	80	77	80	83	83	71	83	73	71	81	85	81	78
Reducing demand (Q6b)				Male	45-54	No	Non-white	Christian (all denominations)	No	Yes	No	Stright/ Heterosexual	78	80	77	80	83	83	71	83	73	71	81	85	81	78
	A great deal / to some extent	78	80	76	75	77	80	78	84	76	74	80	78	74	79	82	83	71	71	83	73	71	81	85	81	78
	Not very much / not at all	22	20	24	25	23	20	22	16	24	26	20	22	26	21	18	17	29	29	17	27	29	19	15	19	22

Significance
■ Very significantly higher
■ Significantly higher
■ Significantly lower
■ Very significantly lower
□ Similar
■ Suppressed

Matrix 3

Question 6: “To what extent, if at all, do you think the following areas should contribute to savings?”

- c) Procurement of external spend - improvements in how the council awards and manages contracts
d) Reviewing how the council is structured and how services are delivered

Number	Response	Avg %	Role (combined response)	Gender	Age	Disability	Ethnic group	Religion	Parent/ Carer u17	Carer o18	Sexual Orientation	District	IMD Quintile	RIU Classification
Procurement of external spend (Q6c)	A great deal / to some extent	86	LCC Employee	Female	35-44	Yes	White	No religion	Yes	No	LGB+	Blaby	1 - most deprived	Urban
			Resident (and not LCC employee)	Male	45-54	No	Non-white	Christian (all denominations)	No	Yes	No	Charnwood	2	
					55+	Yes						Harborough	3	
												Melton	4	
												North West Leicestershire	5 - least deprived	Rural
	Not very much / not at all	14										Non-Leicestershire authority		
												Hinckley and Bosworth		
												Oadby and Wigston		
Reviewing structure (Q6d)	A great deal / to some extent	75												
	Not very much / not at all	25												

Significance

Very significantly higher

Significantly higher

Significantly lower

Very significantly lower

Similar

Suppressed

Matrix 4

Question 6: “To what extent, if at all, do you think the following areas should contribute to savings?”

e) Income - looking to maximise the income collected for services that the council charges for

f) Use of technology/ artificial intelligence to improve efficiency

Number	Response	Avg %	Role (combined response)	Gender	Age	Disability	Ethnic group	Religion	Parent/ Carer u17	Carer o18	Sexual Orientation	District	IMD Quintile	RIU Classification
			LCC Employee	Female	35-44	Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	1 - most deprived	Urban
			Resident (and not LCC employee)	Male	45-54	No	Non-white	No religion	No	No	Non-Christian	Melton	2	5 - least deprived
					55+	Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	3	
					Under 35	No	Non-white	No religion	No	No	Non-Christian	Harborough	4	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	5	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	6	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	7	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	8	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	9	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	10	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	11	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	12	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	13	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	14	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	15	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	16	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	17	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	18	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	19	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	20	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	21	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	22	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	23	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	24	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	25	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	26	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	27	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	28	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	29	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	30	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	31	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	32	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	33	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	34	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	35	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	36	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	37	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	38	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	39	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	40	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	41	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	42	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	43	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	44	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	45	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	46	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	47	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	48	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	49	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	50	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	51	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	52	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	53	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	54	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	55	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	56	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	57	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	58	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	59	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	60	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	61	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	62	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	63	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	64	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	65	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	66	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	67	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	68	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	69	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	70	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	71	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	72	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	73	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	74	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	75	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	76	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	77	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	78	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	79	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	80	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	81	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	82	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	83	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	84	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	85	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	86	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	87	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	88	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	89	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	90	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	91	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	92	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	93	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	94	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	95	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	96	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	97	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	98	
						Yes	White	Christian (all denominations)	Yes	Yes	LGB+	Charnwood	99	
						No	Non-white	No religion	No	No	Non-Christian	Harborough	100	

Significance

Very significantly higher

Significantly higher

Significantly lower

Very significantly lower

Similar

Suppressed

Matrix 5

Question 8: “Bearing in mind the Council Tax information above, what Council Tax increase would you be prepared to pay next year to fund county council services (including both the core and adult social care precepts)?”

	Role (combined response)		Gender		Age				Disability		Ethnic group		Religion		Parent/ Carer u17		Carer o18		Sexual Orientation		District								IMD Quintile					R/U Classification		
	LCC Employee	Resident (and not LCC employee)	Female	Male	I use another term	35-44	45-54	Under 35	55+	Yes	No	White	Non-white	No religion	Christian (all denominations)	Non-Christian	Yes	No	LGB+	Straight/ Heterosexual	Blaby	Charnwood	Harborough	Melton	North West Leicestershire	Non-Leicestershire authority	Hinckley and Bosworth	Oadby and Wigston	1 - most deprived	2	3	4	5 - least deprived	Urban	Rural	
Response Avg %	32	25	29	37	40	25	42	15	34	32	33	34	21	35	30	32	28	35	32	34	30	25	38	33	29	57	37	29	67	32	37	30	33	30	40	
5% (an extra £24.08 next year)	39	35	41	29	20	25	32	37	46	44	34	38	25	34	44	27	33	35	37	38	53	40	38	13	34	30	37	29	17	32	26	38	47	41	31	
3% (an extra £50.45 next year)	38	35	41	29	20	25	32	37	46	44	34	38	25	34	44	27	33	35	37	38	53	40	38	13	34	30	37	29	17	32	26	38	47	41	31	
None	21	26	22	17	20	27	19	26	14	15	22	18	21	21	17	18	20	22	19	23	18	15	27	13	27	4	12	0	17	20	21	21	13	17	19	
Council Tax should be reduced	11	14	7	16	20	22	7	22	6	10	11	9	33	10	10	23	19	6	8	12	14	2	8	13	27	10	9	15	43	0	16	16	11	7	11	10

Significance
 Significantly higher
 Significantly lower
 Very significantly higher
 Very significantly lower
 Similar
 Suppressed



If you require information contained in this leaflet in another version e.g. large print, Braille, tape or alternative language please telephone: 0116 305 6803, Fax: 0116 305 7271 or Minicom: 0116 305 6160.

જો આપ આ માહિતી આપની ભાષામાં સમજવામાં થોડી મદદ ઇચ્છતાં હો તો 0116 305 6803 નંબર પર ફોન કરશો અને અમે આપને મદદ કરવા અવસ્થા કરીશું.

જેવર હુતાનું ઇસ જાણકારી નું સમજાવ દિવસ બ્રહ્મ મદદ રાહીદી હૈ હાં વિરપા કરવે 0116 305 6803 નંબર હે ફોન કરે અહે અસીં હુતાની મદદ લઈ કિસે હા પૂર્ણ કર દલાંગે।

এই তথ্য নিজের ভাষায় বুঝার জন্য আপনার যদি কোন সাহায্যের প্রয়োজন হয়, তবে 0116 305 6803 এই নম্বরে ফোন করলে আমরা উপযুক্ত ব্যক্তির ব্যবস্থা করবো।

اگر آپ کو یہ معلومات سمجھنے میں کچھ مدد درکار ہے تو براہ مہربانی اس نمبر پر کال کریں 0116 305 6803 اور ہم آپ کی مدد کے لئے کسی کا انتظام کر دیں گے۔

假如閣下需要幫助，用你的語言去明白這些資訊，請致電 0116 305 6803，我們會安排有關人員為你提供幫助。

Jeżeli potrzebujesz pomocy w zrozumieniu tej informacji w Twoim języku, zadzwoń pod numer 0116 305 6803, a my Ci pomożemy.

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www.lsr-online.org

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Summary of the Equality Impact Assessment of Leicestershire County Council's Medium-Term Financial Strategy 2026-30**Equalities implications of the budget proposals**

The assessment of the Medium-Term Financial Strategy 2026-30 has been completed to:

- enable decision makers to make decisions on an informed basis which is a necessary component of procedural fairness
- inform decision makers of the potential for equality impacts from the budget changes
- consider the cumulative equality impacts from all changes across all Departments
- provide some background context of the local evidence of cumulative impacts over time from public sector budget cuts

Equalities issues

The Council complies with equalities legislation and decision makers must be cognisant of the Public Sector Equality Duty¹. Specifically, the Council must have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equalities Act 2010. Regard should also be had to the need to advance equality of opportunity between people with protected characteristics² and people who do not share those characteristics. Decision makers should also have regard to the need to foster good relations between those who share a relevant protected characteristic and those who do not share it. The Council decided in 2024 to include care leavers in the group of people with protected characteristics. In December 2025 the Council also decided to give special consideration of carers.

The Census data from 2020 showed that 16.5% of Leicestershire's population have a minority ethnic identity, 20.8% are aged 65 and over, 8.4% had a religion other than Christianity, 16.6% considered themselves disabled, and 2.4% are lesbian, gay, or have another sexual identity.

The Leicestershire Community Insight Survey of residents for 2025/26 found that 85.6% of people agree that Leicestershire is a place where people of different backgrounds get on well, and 80.3% of residents agree that Leicestershire County Council treats all types of people fairly. 27.9% of people report being affected by service changes. Interestingly people with disabilities report being more able than others to influence County Council decisions.

The County Council also chooses to look at the impact on other communities of interest. These include:

¹ Per Section 149 of the Equality Act 2010

² The protected characteristics are age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

- People serving within the armed forces or ex-armed forces
- Gypsy and Traveller communities
- Asylum seeker and refugee communities
- Migrant workers and other new arrivals
- Deprived or disadvantaged communities

Assessment Findings

The Council continues to be committed to having due regard for equalities objectives across its work and this assessment does not remove the requirement to conduct Equality Impact Assessments (EIAs) on the Council's policies, projects and programmes. Each proposal within the MTFS will need to be subject to a separate EIA, to identify the potential impacts on people with protected characteristics and appropriate mitigations.

Many of the proposals in the MTFS 2026-30 were agreed as part of the previous MTFS, and others are amendments to existing plans that have already been agreed. There are several areas where there are opportunities for positive benefits for people with protected characteristics from the additional investment the County Council is making.

There is growth in funding for the following services:

- Older people community and residential social care
- Adult learning disabilities
- Adult mental health
- Physical disabilities
- Child social care
- Children with special educational needs
- Transport for social care and children with special educational needs.
- Unaccompanied asylum-seeking children
- Disabled Children Service

There will be savings or increased income through:

- Implementation of digital assisted technology in adult social care
- Fairer charging
- Review of contracts
- Review of assisted transport programme
- Alternative accommodation and support for children in care

However, due to the rising number and increasing complexity of eligible cases, there is a risk that this investment will not keep up with demand, impacting on the outcomes for people with protected characteristics who use these services.

Overall, the assessment finds that the Council's budget proposals risk a greater impact on older people, children, and disabled people more than people without these characteristics. This is as expected given the nature of the services provided by the Council.

Proposed savings with potential significant equalities implications.

Proposal Reference	Title	Dept.	Proposal Description	Protected Characteristic
CF2	Defining CFS For the Future Programme - Phase 2 - Social Care Workforce Strategy (Recruitment and Retention)	CFS	Recruitment and retention strategies for the social care workforce	All
CF4	Smarter Commissioning, Procurement and demand management – social care placements and externally commissioned services	CFS	Series of measures to manage commissioning and procurement of external services	All
AC1	Increased income from fairer charging and removal of subsidy/aligning increases	A&C	Increasing charges for adult social care services	All
AC2	Implementation of digital assistive technology to service users	A&C	Introducing digital assistive technology	Age, disability, and carers
AC14-16	Transforming commissioning	A&C	Procurement of major contracts relating to home care and community life choices	All
AC17-20	Prevention reviews	A&C	Review of cases, supported living, hospital discharge and partway to adulthood	All
ET1	Assisted Transport Programme	E&T HT	Reducing the Assisted Transport Programme	Disability, age, carers and socio-economic status
CE2	Additional Registrars fees and income	CE	Increasing fees for Registrar services	Marital status, age, sexual orientation
CR2	Customer Programme (Cross cutting)	CR	Review of customer services	All
	<u>Dedicated Schools Grant</u>			
	Deficit Reduction		Integrated programme of six strategic actions to create a whole-system transformation that address the root causes of rising EHCP demand and inefficient placement patterns	Disability, age, and socio-economic status, carers

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HEALTH OVERVIEW AND SCRUTINY COMMITTEE
14 JANUARY 2026

MEDIUM TERM FINANCIAL STRATEGY 2026/27-2029/30

MINUTE EXTRACT

Public Health Medium Term Financial Strategy 2026/27-2029/30.

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

Arising from discussions the following points were noted:

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

expected that Public Health would transfer funding directly from its budget into the budgets of other County Council departments. However, it was hoped that the work of the Public Health department would help reduce the demand on services provided by other departments within the County Council. For example, the Public Health work regarding frailty and falls prevention could help reduce the demand on adult social care.

RESOLVED:

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

ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE
19 JANUARY 2026

MEDIUM TERM FINANCIAL STRATEGY 2026/27 – 2029/30

MINUTE EXTRACT

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

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

Arising from discussion, the following points were made:

Service Transformation

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

Proposed Revenue Budget, Other Changes and Transfers

Growth

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

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

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

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

Savings

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

- xix. A Member expressed concern that relying too heavily on artificial intelligence could reduce the human element in adult social care and potentially create difficulties for vulnerable people seeking assessments or support. Members were informed that an AI pilot had been underway, involving 35 staff using a recording device (with service-user consent) during assessments instead of handwritten or typed notes. The pilot aimed to cut down manual data entry into LiquidLogic, improve assessment consistency, remove double-keying, and increase officer capacity. It was being closely evaluated, including service-user feedback on engagement and timeliness, and any wider rollout would be considered after the evaluation.
- xx. Newton had reviewed all existing MTFS savings lines to determine whether they could be stretched, expanded, or paused, and to identify any additional opportunities based on national practice. A new focus area was the prevention workstream, where Newton analysed why people contacted adult social care, what crises triggered involvement, when first contact typically occurred, and patterns across different cohorts. The Council had not yet received Newton's proposals, as the analysis stage was still in progress.
- xxi. In response to a Member question over early 2026 saving findings, the Lead Member for Heritage, Libraries and Adult Learning explained that the Council was focusing first on early findings that could support the current year's budget. He added it was not yet clear how much could be achieved within that timeframe, and a broader set of proposals was expected by April 2026, which would likely mean early findings would feed into the present budget, with further work contributing to the following year's planning.
- xxii. A Member wished to build on an earlier discussion about preventing avoidable A&E admissions and the resulting need for social care after discharge. He noted that a separate health committee had recently debated GP access and felt there should be a stronger link between the two areas. He suggested the Council consider how health and social care had been working together to address the issue.
- xxiii. A Member questioned whether the procurement savings had been understated and believed greater savings were achievable. They asked if additional savings were expected. The Director stated that the re-procurement savings at AC15 and AC16 reflected only what officers could include with confidence at the time. As tenders were still being evaluated and final prices were unknown, further savings were expected and would likely appear in the 2027 MTFS once evaluations were complete and budgets updated.
- xxiv. In response to a question, the Director reiterated that the Council did not yet know the specific activities Newton would recommend. As a result, officers could not yet know which roles, if any, would need to change or expand. However, if new staffing were required, those costs would also be netted off before any savings appeared in the MTFS.
- xxv. A Member expressed concern about the deliverability of Newton's proposals, whether the MTFS depended on solutions that might not materialise, and how

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

Health and Social Care Integration

Better Care Fund (BCF)

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

Other Funding Sources

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

Future Developments

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

RESOLVED:

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

**CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY
COMMITTEE - 20 JANUARY 2026**

MEDIUM TERM FINANCIAL STRATEGY 2026/27 – 2029/30

MINUTE EXTRACT

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

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

Arising from discussion, the following points were raised:

Plans to provide more SEND nursery places in local communities.

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

training, appropriate staffing ratios, and robust quality assurance. It was noted that whilst many children's needs could be met locally in mainstream provision, some children would continue to require different or more specialist support, and this would be recognised within the system.

- (v) With regards to the potential for legal challenge from parents relating to the Council's decisions with regards SEND provision, and whether this had been factored into the authority's risk management, the Director advised that the Council had not been challenged legally to date, however, SEND tribunals did occur. The Department was undertaking work to reduce the need for tribunal proceedings, whilst ensuring that decisions remained focused on meeting children's needs. Risk management would continue to form the development of any proposals.
- (vi) In response to a question regarding how growth in disabled children's services aligned with proposals to close a specialist nursery provision for children with disabilities. The Director explained that the disparity was due to different funding streams. Disabled children's services were funded from council resources, whereas specialist nurseries were funded from the High Needs/Early Years Blocks, which the Council was legally unable to supplement. Given increasing SEND demand and fixed resources, proposals aimed to utilise High Needs funding more effectively by moving to an alternative delivery model. This would broaden capacity, provide year round support, and embed specialist provision within local mainstream settings, an approach reported to be welcomed by many parents.
- (vii) In response to a question regarding whether similar proposals were anticipated relating to provision for older children within specialist settings, the Director outlined that mainstream inclusion was expected to be a key theme within the anticipated SEND White Paper and that the early years proposals aligned with this anticipated policy direction. However, it was not clear whether changes would be proposed for specialist school provision.
- (viii) With regards for staff training, a question was asked regarding whether Makaton would be taught in mainstream settings, whether this would be funded and trained for, and whether it would be delivered universally or selectively. The Director stated that that an extensive training offer would be developed, potentially including Makaton, as well as earlier access to speech and language therapy, and greater flexibility in how support was delivered. This would include both one-to-one support where appropriate and broader system-wide training.
- (ix) It was noted that the consultation was due to run until 22 February 2026 and a report would be presented to the Committee at its meeting on 3 March as part of the consultation process. A detailed risk assessment would be developed for any proposals, including consideration of service pressures and mitigations, before being presented to the Cabinet.

Growth.

- (x) Concern was raised regarding an increase in the number of children entering care and placed in residential provision, a trend which continued to persist each year. The Director acknowledged that the number of children coming into care had increased, alongside rising residential costs driven largely by a national shortage of foster carers and limited availability of suitable family-based placements. The Director emphasised that residential care was not the default option and that foster care, including in-house and external placements, was always prioritised where appropriate. Work was ongoing to support and grow the foster carer cohort, strengthen kinship care through a

dedicated strategy, and deliver the Family First partnership reforms to help children remain safely within their family networks wherever possible. It was noted that the development of in-house residential provision through the Children's Innovation Programme, in partnership with Barnardo's, which provided locally based homes exclusively for Leicester children, improved quality and continuity of care, and offered greater control over costs compared to private providers. All of these measures would also go towards supporting increasingly complex needs and higher levels of trauma experienced by children.

- (xi) A member asked a question relating to staff wellbeing within the Department as a result of increased workload and whether a new working arrangements policy for the Council was expected to place additional pressure on frontline staff. The Director stated that a range of support was available to staff, including structured supervision, workload management, training opportunities, clear wellbeing offers, and access to counselling for those working in particularly high-risk areas. It was noted that the proposed new working arrangements policy was not expected to have a significant negative impact, as the majority of frontline children's social care staff worked directly with children and families in the community.
- (xii) A question was asked regarding the cost of home to school transport, which had been identified as a service pressure on the Council's general budget. The Director outlined that funding for transport came from the Dedicated Schools Grant (DSG) and affected the budgets of both the Children and Family Services and Environment and Transport departments' and therefore represented a core council cost. The pressure had therefore been indicated across MTFS planning relating to both directorates in order to ensure visibility, reflecting that it is a corporate pressure arising from increased demand.

Savings.

- (xiii) Members were in agreement that there was very limited scope remaining for savings to be made within the Department. Similar financial and growth constraints had been present in previous years meaning that there was little remaining capacity for further reductions without impacting service delivery.
- (xiv) In relation to recruitment, which had been identified as a key area for savings, a question was asked regarding how feasible it was to attract high-quality applicants, particularly social workers, given national recruitment challenges and competition from other public sector organisations and the private sector. In response, the Director explained that recruitment challenges were not solely a local issue but reflected a national shortage of qualified and experienced social workers, particularly in frontline safeguarding roles. The most affected areas were identified as the front door and family safeguarding teams. It was noted that the issue was not simply one of attracting candidates but of limited supply nationally, particularly among those willing to remain in frontline statutory practice. The Director outlined that the Department had undertaken a range of actions in order to address workforce pressures.
- (xv) A question was asked regarding departmental goals and efficiency proposals and how far these differed from those in previous years. The Director stated that the areas identified by external advisors Newton Europe were already known and prioritised within the Service. The key challenge and focus of discussions with Newton Europe related to the additionality their involvement could provide, particularly through additional resource and specialist expertise, with the aim of accelerating improvements or increasing the scale of benefits rather than identifying entirely new areas for change.

- (xvi) In response to a question relating to where further efficiencies could be found, or whether service reductions were likely to be considered, the Lead Member advised that work was underway with Newton Europe in order to identify potential efficiency savings. He provided assurances that his priority was to avoid service cuts wherever possible and confirmed that as more information became available regarding efficiency opportunities, this would be communicated to the Committee.

Dedicated Schools Grant.

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

Capital Programme.

- (xviii) A question was asked regarding the Children's Innovation Partnership with Barnardo's whereby in-house residential care services had been designed in, and were delivered through, a partnership arrangement. The Director stated that the work had prioritised bringing existing agreed homes into operation and ensuring they were fully established. It was explained that the Council was pursuing a mixed-economy approach, including agreements with other providers to avoid over-reliance on a single delivery model. Regulated and registered provision offered better value and safeguards than some unregulated alternatives. It was noted that any opportunity for additional funding would be pursued if available.
- (xix) Concern was raised regarding the cost and risks associated with unregulated social care provision and that some providers could be profiting excessively at the Council's expense. Members were in agreement that there was need for a more robust and highly regulated system.

RESOLVED:

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

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

MEDIUM TERM FINANCIAL STRATEGY 2026/27 – 2029/30

MINUTE EXTRACT

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

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

Arising from discussion, the following points were noted:

Growth

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

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

SEN Transport

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

Savings

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

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

Other Funding Sources

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

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

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

Capital Programme

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

RESOLVED:

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

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

MEDIUM TERM FINANCIAL STRATEGY 2026/27 – 2029/30

MINUTE EXTRACT

Medium Term Financial Strategy 2026/27 – 2029/30

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

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

Arising from discussion, the following points were noted:

Growth

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

retained would therefore continue to be the responsibility of the Council and the costs forecasted for that had been included in the MTFS.

Savings

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

Other Funding Sources

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

Capital Programme

- (viii) Reference to 'Green Vehicle Fleet' as a future development within the Capital Programme related to work taking place to examine the feasibility of installing

charging infrastructure at Council depots. This was in response to the Government's current mandate preventing the purchase of new internal combustion engine vehicles which would require the Council to move over to an electric fleet. The Department would monitor the national position in relation to this legislation and The Director confirmed there was currently no commitment to invest to green the fleet.

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

RESOLVED:

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

SCRUTINY COMMISSION – 28th JANUARY 2026

MINUTE EXTRACT

Medium Term Financial Strategy 2026/27 – 2029/30

The Commission considered a report of the Director of Corporate Resources which provided information on the proposed 2026/27 – 2029/30 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 9' is filed with these minutes.

The Chairman welcomed the Leader of the Council, Mr. D. Harrison CC, and Cabinet Lead Member for Resources, Mr. H. Fowler CC, to the meeting for this item.

In presenting the report the Leader explained that his administration was tackling the issue of flooding in Leicestershire and was allocating additional financial resources to the problem. The Leader also emphasised the importance of the efficiency review being undertaken by Newton Impact and stated that he was confident that it would produce significant savings. The Leader said that he was in favour of tax cuts where possible.

Arising from discussion, the following points were made:

- (i) Cabinet would be considering the budget proposals at its meeting on 3 February 2026. The detailed report relating to those proposals was aimed to be published on Thursday 29 January 2026. The comments from the Scrutiny Commission would be fed into that report. The report would be accompanied by a statement of assurance from the Section 151 Officer. Members raised concerns that it was difficult to scrutinise the MTFS at the Scrutiny Commission meeting when all the details were not available, and questioned whether this was normal procedure. In response it was explained that the exact timings depended on a variety of factors and changed from year to year. It was not unusual for assumptions to be changed between the draft budget published in December and the final budget. The level of changes this year was in line with previous years.

Revenue Budget and Growth

- (ii) In response to questions about the level of confidence there was in the savings the efficiency review would produce, it was explained that whilst the review had to date identified savings opportunities, the exact amount of savings was not yet clear as the review was still in progress. Companies such as Newton Impact

tended to focus on larger savings which would take longer to develop and then appear in the budget. The areas for savings that Newton were currently investigating had been set out at a cross-party working group which had taken place on 26 January 2026. A briefing note regarding those savings would be circulated to group leaders. Newton Impact were expected to complete their review in March 2026. At this point it would be clearer as to whether service cuts would be required. The Leader emphasised that he hoped to avoid making service cuts.

- (iii) Members pointed out that at a meeting of the Scrutiny Commission on 8 September 2025 the Leader had indicated that he had some savings in mind. Members asked for further detail and queried whether these savings were in addition to the savings proposed by Newton Impact. The Leader re-iterated his confidence that the savings would come forward but explained that he could not provide the detail until his budget proposals were set out in the Cabinet report. The Cabinet Lead Member for Resources stated that the long-term trajectory for the Council's finances was promising, and whilst he understood the eagerness of some members to know exactly where savings were to be made, it was a long process and required patience in the short term.
- (iv) There was not a specific target number of savings for Newton Impact to identify but the aim was for them to help reduce the budget gap as much as possible.
- (v) Leicestershire County Council was part of the National Joint Council pay negotiating process for all local authorities in England. In response to a question from a member as to whether any consideration was being given to withdrawing from the national pay negotiations, and instead the Council negotiating pay with its own staff in order to save money, it was confirmed that no conversations had taken place in this regard. Were the Council to decide that it did wish to withdraw from the national pay negotiations, it could be a lengthy process involving consultation with staff and unions, and any savings would not come to fruition until later in the MTFS period. A member raised concerns about the impact this approach could have on staff morale.
- (vi) The government had carried out a fair funding review aimed at redistributing local government funding in England based on up-to-date assessments of need, rather than outdated data. The results had been implemented in the provisional local government finance settlement for 2026/27 and some local authorities had seen a significant increase in their funding. In response to concerns raised by members that Leicestershire County Council had not benefitted from the fair funding review, it was explained that the draft MTFS considered by Cabinet in December had included some assumptions about the level of increase in funding arising from the funding review, and the table at paragraph 9 in the report set out the funding increases over and above that, so the funding uplift was larger than it appeared, though Leicestershire would remain one of the lowest funded areas.
- (vii) The reset of the Business Rates retention system meant that the income to the Leicester and Leicestershire Business Rates Pool would reduce and the pool would be dissolved for 2026/27. This had been taken into account when the

draft MTFS had been prepared and the income from Business Rates had not been included for any of the MTFS period.

Savings

- (viii) The proposed MTFS included a contingency of £8m each year for specific key risks that could affect the financial position on an ongoing basis. Members queried whether the £8m was enough given the level of the deficit and the growth in social care spending. In response it was explained that the MTFS had £130 million growth built into it to cover issues such as social care. The £8 million was in addition to that to cover in-year changes.
- (ix) Care had to be taken when projecting growth for the budget. Whilst it was not desirable to predict an artificial budget gap that never actually materialised, it was not helpful to be too optimistic and therefore not plan appropriately for additional spending.

Reserves

- (x) The Council's previous strategy had been for the budget equalisation reserve to support the first two years of financial gaps in the MTFS, but based on current projections the equalisation reserve was only sufficient to support 2026/27 and 2027/28 in part. Members expressed strong concerns about this and queried how financial gaps would be filled if the budget equalisation reserve was used up. In response it was explained that the best option was for savings to be found to balance the budget, and after that consideration would need to be given to council tax levels. The Council was by law required to set a balanced budget for each year and members were assured that officers had confidence that the budget would be balanced for 2026/27. Using the budget equalisation reserve was a last resort and was not sustainable over the longer term. The Council was trying to get back to a position where the budget equalisation reserve covered two years of the MTFS. The budget equalisation reserve was not the only reserve held by the County Council; there were other earmarked reserves held for specific purposes.
- (xi) SEN spend was forecast to be significantly more than the high needs block funding received, therefore the Council's policy was to set aside some funding towards covering that deficit. A member queried Leicestershire County Council's approach to the SEN deficit and whether other authorities were taking the same approach. However, it was not always transparent how other authorities were managing it. The Government had indicated that from 2028/29 they would absorb some SEND costs but this support was not unlimited. It was not clear how the government would fund this support and what financial risk would remain for the County Council.
- (xii) As of 31 March 2026 there would be £8m remaining in the budget to be used to invest in transformation projects to achieve efficiency savings and also to fund severance costs. The £1.4 million fee for Newton Impact would have already been paid by that point so would not need to be included in the 2026/27 budget.

Capital Programme

- (xiii) The Council directly owned and managed properties, including Industrial, Office and County Farms as part of the Investing in Leicestershire Programme (iILP). A member questioned whether it was appropriate for the Council to invest in this type of capital when it was struggling to fund capital for its own Council services. In response it was emphasised that annual income returns were currently around £9 million and capital appreciation was also a benefit to the Council. The Leader and Cabinet Lead for Resources confirmed that they supported the Programme and the funding invested in it each year.
- (xiv) In response to a question from a member, it was explained that there was no known link between the council tax levels a local authority chose to set, and the success of a local authority in obtaining capital grants from central government. Council Tax was already taken into account in the funding formula.

Budget Consultation

- (xv) A consultation had taken place regarding the public's views on the savings plan and the appetite for Council Tax increases. The consultation had closed on 18 January 2026 and the number of responses received was similar to the previous year. The responses were still being collated and analysed and a summary would be included with the report for Cabinet which would be published on 29 January 2026.
- (xvi) The draft MTFS took into account a projected increase in the National Living Wage which some Council employees were on. The Chair queried whether this would be funded by service cuts or using reserves, but in response it was explained that the budget did not allocate funding specifically in that way. The wage increases would be funded by a combination of an increase in government funding, a council tax increase, and savings.

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 3 February 2026.

Medium Term Financial Strategy 2026/27 – 2029/30 – 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 2026/27 – 2029/30 Medium Term Financial Strategy (MTFS) as it related to the Chief Executive's Department. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

In addition to the Lead Member for Resources, the Chairman welcomed the Lead Member for Marketing, Promotion and Tourism Mr. K. Crook CC, and the Lead Member for Regulatory Services Mr. V. Richichi, to the meeting.

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

- (i) Registration Services ceremony room fees were reviewed for increases year on year with a focus on fee revisions based on the popularity of each ceremony room. It was necessary to be commercially sensitive on any price increases. An overall 5% increase would be applied for 2026/27.
- (ii) For 2026/27 there was to be a saving of £10,000 arising from a reduction in civic events. A list of which civic events would be provided to members after the meeting.
- (iii) Responsibility for Communities would be transferred to the Public Health department from 1 April 2026 and the whole of the department would come under the Director of Public Health. It was felt that the communities work aligned well with Public Health particularly with regards to the locality place-based work. The Head of Communities, Policy and Resilience post would be deleted which would produce a saving.
- (iv) Included in the revenue budget were subscriptions to the value of £69,000. This figure related to several subscriptions that Corporate Resources required. The full list of subscriptions would be circulated to Committee members after the meeting.
- (v) Leicestershire County Council was joining the Local Government Association (LGA) because they provided training and best practice advice, as well as networking opportunities and peer reviews. A document which set out the benefits of joining the LGA would be circulated to Scrutiny Commission members after the meeting. Currently Leicestershire County Council was one of only two Councils not part of the LGA.
- (vi) The Council was also joining the County Councils Network (CCN) as this would better enable the Council to engage with government on policy development. The CCN had also been involved with Local Government Reorganisation discussions.
- (vii) A member pointed out that County Councils were expected to play a greater role in strategic planning going forward and therefore questioned whether the MTFs should include growth for the planning department. In response it was acknowledged that the new planning system had implications for the Council's statutory role as the Minerals and Waste Authority and the requirement to prepare a new Minerals and Waste Local Plan. However, it was explained that the regulations underpinning the new plan making system had not yet been published shortly therefore it was too early to know what growth would be required.

- (viii) The Trading Standards department did not have the capacity to tackle every case reported to them immediately and therefore had to make prioritisation decisions about when to intervene based on risk assessments. It was proposed to seek growth for 2027/28 to recruit at least three additional Trading Standards Investigators at an estimated cost of £185,000 per annum. Members welcomed this investment, and emphasised the quality and importance of the work provided by the Trading Standards department. In response to a question about cross local authority boundary work, it was explained that Leicestershire County Council was part of Trading Standards East Midlands (TSEM) hosted by Nottinghamshire County Council. Leicestershire County Council could also submit bids to National Trading Standards (NTS) for funding to tackle trading standards cases that had a regional element to them. The Lead Member for Regulatory Services stated that he supported the cross-boundary work.

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 3rd February 2026.

Medium Term Financial Strategy 2026/27 – 2029/30 – Corporate Resources Department

The Commission considered a report of the Director of Corporate Resources which provided information on the proposed 2026/27 – 2029/30 MTFS as it related to the Corporate Resources Department. A copy of the report marked 'Agenda Item 11' is filed with these minutes.

The Lead Member for Resources remained at the meeting for this item.

In introducing the report, the Lead Member for Resources stated that the intention was to keep growth within the department to a minimum, in order that funding could be used for frontline services. It was a positive that the budget for this department had been able to be reduced.

Arising from discussion and questions, the following points arose:

- (i) A public consultation had been carried out regarding the future use of Beaumanor Hall. The results of the consultation were being collated and then proposals would be put together and a report containing recommendations would be published in the next few months.
- (ii) The expectation was that more staff would be returning to working at County Hall as their main base rather than at home. A member questioned whether this would impact the Council's ability to rent space at County Hall to external organisations. In response it was explained that the renting of space had been

paused until the details were known of how many County Council staff would be returning to County Hall permanently. With regards to the rental contracts with external organisations that had already been signed these had been designed to be as flexible as possible. It was acknowledged that there could be a reduction in rental yield arising from these changes.

- (iii) A member queried whether the renting out of space at County Hall would cause problems once Local Government Reorganisation (LGR) had taken place because more space for Council staff could be needed at County Hall. In response it was explained that after reorganisation it was usually the case that less office space was required. Assurance was given that after LGR there would still be the option to bring in income from renting out space at County Hall.
- (iv) There was expected to be an increase in the dividend payment received from the Council's share in Eastern Shires Purchasing Organisations (ESPO). The current dividend yield was £1 million. ESPO was looking at opportunities to grow the business.
- (v) Investment was being made to strengthen the Council's ICT cyber security infrastructure. Cyber security insurance was available but the cost was prohibitive. It would also require the Council to put mitigations in place which were not practical. The Council had put other measures in place to insure against a possible cyber attack such as encryption and back-ups of systems.

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 3rd February 2025.

Medium Term Financial Strategy 2026/27 – 2029/30 - 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 2026/27 – 2029/30 so far as this related to the County Council departments. A copy of the minute extracts from each meeting is filed with these minutes.

The Director of Corporate Resources stated that nothing had been raised at the Overview and Scrutiny meetings which would mean that any significant changes to the MTFS would have to be made.

RESOLVED:

That the comments made by each of the Overview and Scrutiny Committees be submitted to the Cabinet for consideration at its meeting on 3rd February 2026.

[These minute extracts are attached.]

Investing in Leicestershire Programme Portfolio Management Strategy 2026 - 2030

The Commission considered a report of the Director of Corporate Resources which sought members views on the revised Investing in Leicestershire Programme (IILP) Portfolio Management Strategy 2026 – 2030 which set out the proposed approach to future asset management and investment. A copy of the report marked ‘Agenda item 13’ is filed with these minutes.

In introducing the report, the Lead Member for Resources stated that the IILP was valued hugely and was not just a short-term measure, it was a long-term sustainable solution.

The Chairman noted that the IILP had been set up under the previous Conservative administration, and no significant changes to it had been made by the new administration, therefore she fully supported the IILP.

As part of discussions, the following points were made:

- (i) A member stated that the ‘Clean and Green’ section should be removed from the Strategy. In response the Cabinet Lead Member for Resources agreed with this suggestion but explained that the IILP was aligned with the County Council’s broader Strategic Plan, and Clean and Green was part of that Plan. The Strategic Plan was approved by County Council therefore any amendments to the Plan would have to be considered by County Council.
- (ii) The Portfolio achieved a net income return of 3.0%. Some members were of the view that this was a low return given the size of the assets. In response it was explained that there were legal restrictions on the investments that could be made as part of the Programme. It was agreed that a briefing note regarding the restrictions would be circulated to Commission members after the meeting.
- (iii) With regards to diversifying the investments under the Programme, a member pointed out that a lot of the investments related to property and suggested that more investments should be made in other areas.
- (iv) A member raised concerns that the Programme was investing in private debt and suggested that the Programme should instead invest in local projects of benefit to the whole community.

RESOLVED:

- (a) That the update now provided on the refreshed Investing in Leicestershire Programme Portfolio Management Strategy 2026 – 2030 be noted;
- (b) That the comments of the Scrutiny Commission be submitted to the Cabinet for consideration at its meeting on 3rd February 2026.

Efficiency Review – opportunities taken forward for further development in Phase 1	
Service	Commentary
A&C	Preventing a crisis or escalation of need for our residents to enable them to live independently and safely for longer without formal support
A&C	How many additional residents could benefit from reablement (inc. admission avoidance)?
A&C	How many residents could be supported outside of residential care?
A&C	Could more residents with a life-long disability be more independent in the future?
A&C	Can we manage and mitigate external provider cost pressures through negotiation and market strategies and contract management? Can we better manage the market through a different and more strategic approach to commissioning?
A&C	Is there an opportunity to grow our internal provision to supplement the external commissioned market?
CFS	Prevention and Early Intervention keeping CYP and families together and safe outside of our care
CFS	Can we manage and mitigate external provider cost pressures through negotiation and market strategies and contract management? Can we better manage the market through a different and more strategic approach to commissioning?
CFS	How many additional CYP could be supported in our care in an internal family-based placement?
CFS	Is there an opportunity to manage and commission the external fostering market to support CYP with complex needs outside of residential?
CFS	Can we identify CYP in family-based placements who are at risk of a carer breakdown and prevent a breakdown and escalation into residential?
CFS	Could more CYP achieve reunification pre-18? (excluding SGO, adoption and CAO)
Public Health	Is there an opportunity to maximise the impact of our public health grants?

E&T	Can we support more CYP to receive ITT? Is there an opportunity to manage the market differently?
E&T	Review of how we deliver our placed based services?
Whole Council	Better managing our procurement spend through taking a strategic approach to third party spend
Whole Council	Target Operating Model inc. Efficiency and Effectiveness of the Council
Whole Council	Optimising the Council's estate portfolio so that it matches actual service delivery needs and is operated at a cost in line with other high performing Councils.
Whole Council	Maximising our income

REPORT OF THE CONSTITUTION COMMITTEE

A. REVIEW OF STANDING ORDERS (MEETING PROCEDURE RULES)

Introduction

1. This report concerns proposed changes to the Council's Standing Orders (Meeting Procedure Rules), a procedural motion on the proposals having been moved and seconded at the last meeting of the Council to meet the requirements of Standing Order 37.

Background

2. At the last meeting of the Council approval was given to recommendations set out in a report of the Constitution Committee on various changes to the Council's Constitution. The report included proposed changes to Standing Orders (Meeting Procedure Rules).
3. Any motion to add, vary or revoke Standing Orders must, having been proposed and seconded, stand adjourned without discussion to the next ordinary meeting of the Council. This motion was moved and seconded at the last meeting of the Council.
4. Appendix A to this report sets out the proposed changes, highlighted in bold text, which have been made to provide greater clarity regarding the Council's current, accepted processes and to ensure the Rules can be more easily navigated by officers and members. The key amendments are summarised below:
 - (i) Most of the Rules apply to County Council meetings with some also applying to Executive and other Council committees and boards. To make it clearer which rules apply to which bodies, the procedures have been separated into two main parts, with the third section dealing with administrative matters relating to the interpretation, amendment and suspension of the Rules. The three new sections are as follows:
 - Section 1 - County Council Procedure Rules
 - Section 2 - Executive, Commission, board and committee Procedure Rules
 - Section 3 - Interpretation, amendment and suspension of Standing Orders
 - (ii) Subheadings have been introduced to make the document easier to navigate. The inclusion of subheadings and the separation of the Rules into three separate sections as outlined above, has resulted in some of the Rules being moved and renumbered. Such changes have not been highlighted in Appendix B if the Rule itself remains unchanged.
 - (iii) Standing Order 1 (Meetings of the County Council) – This has been amended to allow more time to hold the annual meeting in an election year (now anytime within 21 days of the election in line with the Local Government Act 1972). The rule also now includes the legal basis

for calling extraordinary meetings and explicitly allows for the electronic delivery of the meeting summons which has been the Council's accepted practice for some years.

- (iv) Standing Order 2 (Chairman and Vice Chairman) – This has been expanded to make clear how the Chairman and Vice Chairman are appointed, who can be appointed and sets out more clearly their authority to manage the meeting process. The Rule also now describes the broader civic role of the Chairman of the Council in line with the Council's Protocol for the Chairman. This makes clear the expectation that they will distance themselves from political activity during their term as Chairman.
- (v) Standing Order 3 (Quorum) – The rules have been made clearer to cover circumstances when a quorum might not be present at the start of a meeting. In line with accepted practice, a time limit of 15 minutes is now included to allow for a quorum to be established.
- (vi) Standing Order 6 (Minutes) – Replacing current paragraph (4) and the note at the bottom of this Standing Order, a new paragraph (1) has been added to make clear that the minutes of a previous meeting need only be confirmed at the next ordinary meeting (not at an extraordinary meeting).
- (vii) Standing Order 7 (Questions from Elected Members) – Current paragraph 7(2) has now been moved to Section 2 (Executive, Commission, board and committee Procedure Rules) of these rules, which relate to meetings of the Commission, boards and other committees. Minor changes have been made to confirm the process for providing replies to questions received late and supplementary questions which cannot be answered in a meeting. The scope of questions has also been expanded to make clear that questions which are defamatory, frivolous, offensive, vexatious, derogatory and unlawful will not be allowed. This is in line with other authorities' constitutions.
- (viii) Standing Order 8 (Position Statements) – A minor change has been made to delete paragraph (5), the ability for the Chairman of the Scrutiny Commission to make a Position Statement now being included in paragraph (1).
- (ix) Standing Order 9 (Procedure relating to reports to Council) – The process for submitting reports to Council has been simplified to make clear who is responsible for moving the recommendation set out in the report.
- (x) Standing Order 10 (Notices of Motion) – New paragraphs (2) and (3) have been added to acknowledge current practice allowing for motions to be received by email and that these can be submitted to the annual meeting. A new section relating to the 'scope' of motions has been added, making clear the types of motions that would not be considered acceptable and the process that will be followed if a notice of motion received were to be rejected by the Chairman. These provisions align with the constitutions of many other

authorities.

- (xi) Standing Order 17 (Right to require motion in writing) – The title of this Standing Order has been changed from ‘Motions and amendments generally’ to make its purposes clearer. Paragraph (2) has been moved to form part of new Standing Order 19.
- (xii) Standing Order 19 (Proposing and seconding motions and amendments) – This is a new Standing Order which sets out more clearly the process for moving and seconding motions. The process in practice remains unchanged and paragraphs (1) and (2) have simply been moved from other parts of the current constitution. Paragraph (3) has been updated to align with current procedures, specifying that any member proposing an amendment to a motion is limited to speaking once, and their remarks on the original motion should include the proposed amendment.
- (xiii) Standing Order 20 (Speeches) – This now incorporates all of current Standing Orders 19 (Length of speeches and conduct of members), 20 (Seconder’s speech) and 21 (When a member may speak again) and has been retitled.
- (xiv) Standing Orders 24 (Closure Motions) – This is a new Standing Order which incorporates current Standing Order 24 (Next business etc), 25 (Adjournment of debate) and 26 (Closure). This has been simplified, however, in practical terms the process for dealing with these procedural matters remains unchanged.
- (xv) Standing Order 25 (Voting) – New paragraph (1) has been added to make clear the current practice that, unless otherwise stated, matters will be determined by a majority vote. New paragraph (5) sets out the accepted practice regarding the use of the Chairman’s casting vote which will be unrestricted in line with the Local Government Act 1972. The process for carrying out a ballot has been included in new paragraph (6) which reflects the process already adopted and within the model constitution. The voting process when dealing with appointments by the Council has been incorporated into this Standing Order (previously Standing Order 27). The current Standing Order 28 (Appointments at the Annual meeting of the Council) remains unchanged but has been renumbered as Standing Order 26.
- (xvi) Current Standing Order 31 (Interests in Contracts and other matters) has been deleted as this duplicates the Members’ Code of Conduct.
- (xvii) New Standing Order 28 (Application of Council Procedure Rules) lists those rules in Section 1 (County Council Procedure Rules) that will also apply, subject to any necessary modification, to meetings of the Commission, boards and committees. This should help navigate the rules when attending different meetings.
- (xviii) Standing Order 29 (Chairman and Vice Chairman) - A new paragraph (3) has been added to reflect the current process as set out in the Overview and Scrutiny Procedure Rules regarding the appointment of scrutiny committee chairmen, i.e. that they are appointed by full

Council at each annual meeting.

- (xix) Standing Order 30 (Meetings) – New paragraphs (1) to (3) have been inserted to make clear the current process for setting and calling meetings.
- (xx) Standing Order 31 (Proceedings at Meetings) – New paragraphs (2) – (5) have been included to set out the process for appointing and notifying the Chief Executive of substitutes for meetings. As agreed by Group Leaders', this now includes a deadline for notice having to be provided by 5pm the day before a meeting. Paragraph (6) has been added to set out more clearly the current accepted practice for dealing with Urgent Items. Current Standing Order 33(3) regarding political groups requesting items be added to scrutiny agendas has been incorporated into this rule and a new rule added, which states such an item cannot be requested again for period of six months. New paragraph (9) which relates to requests by the Executive for Chief Officers to attend meetings, has been included to mirror the rule in paragraph 10 which applies to meetings of the Commission, boards and committees.
- (xxi) Standing Order 32 (Questions) – This now incorporate the rules relating to questions from elected members so far as these relate to non-Council meetings. A new paragraph (7) has been included to explain how questions which are rejected by the Chairman will be dealt with.

(A motion to the following effect, moved by Mr D Harrison and seconded by Mrs D Taylor, stands adjourned from the last meeting:

That the changes to Standing Orders (The Meeting Procedure Rules), as set out in the Appendix to this report, be approved.)

24 November 2025

**Mr D Harrison CC
Chairman of the Constitution
Committee**

Background Papers

Report to the Constitution Committee on 24 November 2025, Review and Revision of the Constitution -

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=150&MId=8344&Ver=4>

The Constitution of Leicestershire County Council -

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=1187&MId=7790&Ver=4&Info=1>

Appendix

Appendix – Amended Meeting Procedure Rules

APPENDIX

Part 4A - Meeting Procedure Rules**Section 1 – County Council Procedure Rules****STANDING ORDER 1**
Meetings of the County Council**Annual Council Meetings**

- (1) The annual meeting of the Council shall be held:-
- (a) in the year of the ordinary election of councillors to the Council, **within 21 days of** the election;
 - (b) in any other year, on any Wednesday in May.

Ordinary Council Meetings

- (2) In addition to the annual meeting of the Council and any meetings convened by the Chairman or by members of the Council, meetings for the transaction of general business shall be held on such days as may be determined by the Council at its annual meeting on the recommendation of the Executive provided that a date so determined may be varied by the Executive.*

Extraordinary Council Meetings

- (3) **An extraordinary meeting of the Council may be called at any time by:**
- (a) **the Council by resolution;**
 - (b) **the Chairman of the Council;**
 - (c) **the Monitoring Officer or the Head of Paid Service;**
 - (d) **any five members of the Council if they have signed a requisition presented to the Chairman of the Council and the Chairman has refused to call a meeting or has failed to call a meeting within seven days of the presentation of the requisition.**

Time and Place of meetings

- (4) Unless the Council otherwise determines, all meetings of the Council shall be held at 2.00 p.m. other than a meeting on a Saturday which shall be held at 10.00 a.m. provided that the time may be varied by the Chairman following consultation with Group Leaders.

Notice of and Summons to Meetings

- (5) The Chief Executive will give notice to the public of the time and place of any meeting in accordance with the Access to Information Procedure Rules. At least five clear days before a meeting, the Chief Executive will send a summons signed by him/her by electronic mail to every Member. The summons will give the date, time and place of each meeting and specify the business to be transacted and will be accompanied by such reports as are available.

[Note - In these Standing Orders "ordinary meeting" means a meeting described in paragraph (1) or (2) above other than a meeting convened by the Chairman or by members of the Council.]

STANDING ORDER 2

Chairman and Vice Chairman of the meeting

Election

- (1) The Chairman and Vice Chairman of the Council will be elected by the Council annually in accordance with Standing Order 25. The Chairman will, unless they resign or become disqualified, continue in office until their successor becomes entitled to act as Chairman.
- (2) Any Member of the Council will be eligible for appointment as Chairman or Vice-Chairman except for Members of the Cabinet and Cabinet Support Members.
- (3) The Chairman is elected by the whole County Council to perform the function of regulating and controlling the proceedings of Council meetings in a fair manner, ensuring that the rights of all Members, regardless of political opinion, are observed. The Chairman has a broader role in terms of engaging with the people of Leicestershire and promoting and enhancing the civic life of the County. Once elected, the Chairman must ensure that they distance themselves from the political arena during their term of office.

Chairing a meeting

- (4) Any power or duty of the Chairman in relation to the conduct of a meeting may be exercised by the person presiding at the meeting.
- (5) **The Vice Chairman will preside at a meeting in the absence of the Chairman.**
- (6) **If both the Chairman and Vice Chairman are absent then, as the first item of business, one of the members present must be appointed to preside over the meeting subject to paragraph (7) below.**
- (7) **If the Chairman, or the Vice Chairman at a meeting from which the Chairman is absent, arrives after the meeting has started, they will preside over the meeting after any question under discussion on their arrival has been disposed of (not before).**

STANDING ORDER 3

Quorum

- (1) The quorum of a meeting will be one quarter of the whole number of members.
- (2) If during any meeting of the Council the Chairman after counting the number of members present declares that there is not a quorum present the meeting shall stand adjourned. **Unless a quorum can be established within 15 minutes and the meeting resumed** consideration of any business not transacted shall be adjourned to a time fixed by the Chairman at the time the meeting is adjourned, or, if he or she does not fix a time, to the next ordinary meeting of the Council.

STANDING ORDER 4

Order of business

Except as otherwise provided by Standing Order 5 or as required in law, the order of business at ordinary meetings of the Council shall be:-

- (1) to choose a person to preside if the Chairman and Vice-Chairman are absent;
- (2) Chairman's announcements;
- (3) to receive the report of the Returning Officer;
- (4) to confirm the minutes of the last meeting of the Council;
- (5) **to receive any declarations of interest;**

- (6) to answer questions asked under Standing Order 7 (Questions from elected members);
- (7) to dispose of business (if any) remaining from the last meeting;
- (8) to receive Position Statements under Standing Order 8 (Position Statements);
- (9) to consider reports of the Executive, the Scrutiny Commission (the "Commission"), the scrutiny committees, the Development Control and Regulatory Board, the Constitution Committee, the Corporate Governance Committee and the Local Pension Committee;
- (10) to agree a programme of ordinary meetings of the Council for the year;**
- (11) to appoint the Leader and such Cabinet Support Members as the Council considers appropriate;
- (12) to determine the allocation of committee places to political groups to ensure so far as is practicable that the rules relating to political balance are met;
- (13) to appoint members of the Commission, boards and committees **and Chairmen of the scrutiny committees;**
- (15) to consider motions in the order in which notice has been received;
- (16) any other business, if any, specified in the summons.

[Note: Any in-year changes to membership of the Commission, boards or committees will be made via Council's delegation to the Chief Executive to make such changes. Any in-year changes to the charring arrangements for scrutiny committees and any other board or committee will be made by the relevant committee.]

STANDING ORDER 5 ***Variation of order of business***

- (1) Subject to paragraph (2) below, the order of business at a meeting may be varied:-
 - (a) by the Chairman at his or her discretion; or
 - (b) by a resolution passed at that meeting. A motion to vary the order of business shall be moved and seconded formally and put without discussion.

- (2) Business falling under items (1), (3) and (4) of Standing Order 4 shall not be displaced.

STANDING ORDER 6

Minutes

- (1) **Minutes of the last Council meeting must be confirmed at the next ordinary meeting of the Council where possible. There is no requirement to sign the minutes of a previous ordinary meeting at an extraordinary meeting.**
- (2) Approval of the minutes of a previous meeting will be moved by the Chairman.
- (3) No motion or discussion shall take place upon the minutes, except upon their accuracy, and any matter concerning their accuracy shall be raised by amendment.
- (4) If no such matter is raised, or if it is raised then as soon as it has been disposed of, the Chairman shall sign the minutes.

STANDING ORDER 7

Questions from Elected Members

Questions with notice

- (1) At a meeting of the Council a member may ask the Chairman of the Council, the Leader, any designated member of the Executive, or the Chairman of the Commission, a board or a committee, any question relating to the business of the Council or of the Executive or which relates to a matter affecting the County. The term “designated member” means any member of the Executive which the Executive from time to time may specify as such for the purposes of this Standing Order.
- (2) The text of any question shall be submitted in writing to the Chief Executive not less than five clear days before the meeting at which the member proposes to ask the question subject to paragraph (3) of this Standing Order (urgent business).
- (3) The chairman of the meeting may allow the asking of a question which has not been submitted as required by paragraph (2) above, if he or she considers that it relates to urgent business. The text of any such question shall, if possible, be delivered to the Chief Executive not later than 10.00 a.m. on the day before the meeting at which the question is to be asked. **In these circumstances, there is no guarantee that a full or written reply will be given at the meeting.**
- (4) After a question has been replied to, the member who asked it may, if they are present at the meeting, ask one supplementary question for

the purpose of clarifying the reply which has been given. A member asking such a supplementary question shall confine himself or herself to the substance of the original question and shall not introduce any new matter which did not fall within the scope of his or her original question. **If an answer to a supplementary question cannot be provided at the time, a written response will be provided, where possible, within seven working days of the meeting.** In paragraphs (5) - (12) of this Standing Order, the word "question" shall include such a supplementary question.

- (5) Every question shall be put and answered without discussion.
- (6) No resolution shall be moved with reference to any question or reply to a question.
- (7) Questions asked in pursuance of the above paragraphs of this Standing Order shall be recorded in the minutes of the meeting, and the Chief Executive shall supply the questioner with a copy of the replies thereto within seven working days after the meeting.

Questions without notice

- (8) In addition to the right to put questions contained in the foregoing paragraphs, at a meeting of the Council any member may without notice ask the Leader, or the Chairman of the Commission, or the chairman of a board or a committee any question upon an item of the report of the body concerned then before the Council, provided that the question is put before the Council's consideration of that item is concluded.

Scope of Questions

- (9) If the Chairman of the meeting **following consultation with the Monitoring Officer** is of the opinion that the question is out of order, of a personal character, **defamatory, frivolous, offensive, vexatious, derogatory, unlawful**, or in the interests of the Council it is undesirable, he or she shall so inform the member and shall not allow the question to be put.
- (10) **The Chairman's ruling on the rejection of a question will be final.**

STANDING ORDER 8 ***Position Statements***

- (1) One or more Position Statements may be presented to the Council by the Leader and any member of the Executive **and the Chairman of the Scrutiny Commission** in such form as the person presenting the Position Statement may determine.

- (2) A Position Statement may give rise to an informal discussion by the Council provided that, subject to paragraph (4), no motion or amendment shall be moved during that discussion.
- (3) The discussion of any Position Statement shall not exceed twenty minutes but the Chairman, at his or her discretion, may permit an extension of such length as he or she considers appropriate.
- (4) At the conclusion of any discussion of a Position Statement, a formal motion may be moved to the effect that a particular issue relevant to the Position Statement be referred to the Executive, the Commission, a board or a committee as the case may be, for consideration. Such a motion shall be moved and seconded formally and shall be put without discussion.

STANDING ORDER 9 *Procedure relating to reports to Council*

Signing a report to Full Council

- (1) **Any report presented to the Council by the Cabinet, the Commission, a board or committee must be signed either by the Leader (or appropriate Lead Member), or the Chairman of the Commission, board or committee, as the case may be.**

Motion to approve recommendations in report

- (2) **A report from the Cabinet, the Commission, or other board or committee will be taken as read subject to alterations or amendments in accordance with Standing Orders 15 and 16.**
- (3) **The Leader (or appropriate Lead Member), or the Chairman of the Commission, board or committee will move the recommendations within the report. Any other member may second the motion.**
- (4) **In the case of a report of the Cabinet, a motion may be moved by any Lead Member in the absence of, or at the request of, the Leader.**
- (5) **In the absence of the Chairman or Vice Chair of the Commission, board or committee, the Chairman of the Council may appoint some other member of that body to move the recommendations in its report. Preference will be given to the Vice Chairman when the member absent is the Chairman.**
- (6) **Where two or more bodies submit a joint report, the motions set out in that report will be moved by the Member whose signature to the report appears first.**

[Note: Rule 9(b) of the Overview and Scrutiny Procedure Rules in Part 4E of the Constitution provides that where an overview and scrutiny committee cannot agree on a final single report to the Council, then up to one minority report may be prepared and submitted with the majority report.]

STANDING ORDER 10

Notices of motion

Notice

- (1) Notice of every motion (other than a motion which under Standing Order 11 may be moved without notice) shall be in writing signed by the member(s) giving the notice and delivered to the Chief Executive at least eight clear days before the next meeting of the Council.
- (2) **Delivery of a notice of motion can be by electronic means provided that the Chief Executive is satisfied it has been sent by the member(s) concerned.**
- (3) **Notices of motion may be submitted for consideration at the annual or ordinary meetings of the Council. They cannot be submitted for extraordinary meetings unless they relate to the subject matter of that extraordinary meeting.**

Inclusion in the summons

- (4) The Chief Executive will date and number each notice of motion in the order in which it is received and make this available for inspection by every member of the Council.
- (5) **Motions received in accordance with this Standing Order** shall be inserted in the summons for every meeting of the Council in the order in which they have been received, unless the member(s) when giving the notice stated in writing that he or she proposes to move it at some later meeting, or has withdrawn it in writing.

Scope

- (6) **Motions must be clear and concise and be about matters for which the Council has responsibility, or which affect the County or its residents and must not:**
 - (a) **be defamatory, frivolous, offensive, vexatious, derogatory, or unlawful;**
 - (b) **relate to applications for or objections to any non-determined planning application or any licence, notice or order issued, served or made by the Council;**

- (c) **relate to individual staffing matters or the personal information of Members or Officers;**
 - (d) **raise any matter involving exempt or confidential;**
 - (e) **be considered by the Chairman to be out of order or otherwise inappropriate for the particular meeting or to undermine the purposes of the Constitution;**
 - (f) **fall within Standing Order 13.**
- (7) Any notice of motion which would have the effect of materially increasing the expenditure or reducing the revenue of the Council, otherwise than in the form of a proposal that the matter be referred to the Executive for consideration and report, shall not be deemed to have been duly given for the purposes of this Standing Order.
- (8) Any notice of motion which would have the effect of reviewing or rescinding a decision of the Executive taken under delegated powers, otherwise than in the form of a proposal that the matter be referred to the Executive for consideration and report, shall not be deemed to have been duly given for the purposes of this Standing Order.
- (9) Any notice of motion which would have similar effect to a notice of motion which has already been lodged shall not be deemed to have been duly given for the purpose of this Standing Order, on the basis that any differences can be addressed at the meeting through an amendment to the accepted motion.
- (10) The Chairman's ruling, following consultation with the Monitoring Officer, on the rejection of a motion will be final.**
- (11) Where a motion is rejected, the member(s) concerned will be advised as soon as possible giving reasons for the rejection. Where time permits, the member may submit an amended motion which will be considered afresh. For the avoidance of doubt, motions amended in this way must be delivered within the timescale referred to at paragraph (1) above.**

Moving the motion

- (12) If a motion of which notice has been given and not withdrawn is not moved by the member(s) who gave notice of it, it may be moved by another member of the Council and if not so moved it shall, unless postponed by consent of the Council, be treated as abandoned and shall not be moved without fresh notice.

[Note: In Standing Order 10(8) the phrase "taken under delegated powers" is deemed to cover those matters which are the responsibility of the Executive not only as a matter of local choice but also as a consequence of the

operation of the Local Government Act 2000 and any statutory provisions made under that Act.]

STANDING ORDER 11

Motions and amendments which may be moved without notice

Motions and amendments relating to the following matters may be moved without notice:-

- (1) appointment of a chairman of the meeting at which the motion is made;
- (2) the approval of accuracy of the minutes;
- (3) that an item of business specified in the summons have precedence;
- (4) appointment of a body or the members thereof, occasioned by an item mentioned in the summons to the meeting;
- (5) adoption of reports and recommendations of the Executive, the Commission, a board or committee and any consequent resolution;
- (6) giving consent of the Council where the consent of the Council is required by these Standing Orders;
- (7) any of the motions listed in Standing Order 13 whether or not moved whilst another motion is under debate.

STANDING ORDER 12

Notice of Amendments

- (1) Notice of the intention to move an amendment to a motion included on the agenda for a meeting in accordance with Standing Order 10 shall be submitted in writing to the Chief Executive at least two days before the meeting.
- (2) Notice of the intention to move an amendment to a motion to secure the approval by Council of the recommendations in a report of the Executive, the Commission, a board or committee shall be submitted in writing to the Chief Executive at least two days before the meeting.
- (3) Details of the notices referred to in (1) and (2) above shall immediately upon receipt be shared with the Leader of the Council and the Opposition Group Leaders.
- (4) Details of the notices referred to in (1) and (2) above shall be disclosed to all members of the Council at 9.00am on the day before the meeting.
- (5) The Chairman of the Council, or the Vice Chairman in their absence, may use their discretion to waive the requirement to comply with the

provisions of this Standing Order. Unless there are exceptional circumstances, such requests should be made before the meeting.

- (6) Where a member who has proposed an amendment is unable to attend the meeting, they may nominate another member to move the amendment.

STANDING ORDER 13 ***Motions which may be moved during debate***

When a motion is under debate no other motion shall be moved except the following:-

- (1) to amend the motion;
- (2) To withdraw a motion, amendment or report;**
- (3) to adjourn the meeting;
- (4) to adjourn the debate;
- (5) to proceed to the next business;
- (6) that the proposition under discussion be put;
- (7) that a member be not further heard;
- (8) by the Chairman under Standing Order 20(10) (Speeches) "That the member named do leave the meeting";
- (9) to exclude the public;
- (10) that the subject of debate be referred to the Executive, the Scrutiny Commission a board or committee;
- (11) to extend the time limit for speeches;
- (12) that Standing Orders be suspended under Standing Order 36 (Suspension);
- (13) that leave be given to alter or withdraw a motion, amendment or report.

STANDING ORDER 14 ***Rescissions and previous decisions***

- (1) No motion to rescind any resolution passed within the preceding six months and no motion to the same effect as one which has been rejected within that period shall be proposed unless at a meeting subsequent to the meeting at which such resolution or rejection was agreed a member moves for consent to propose his or her motion and

obtains a majority of those members present at the meeting, in which case notice of the motion shall be inserted in the summons for the next ordinary meeting of the Council.

- (2) This Standing Order shall not apply to a motion moved whilst there is before the Council a recommendation of the Executive, the Commission, a board or committee relating to the matter.

STANDING ORDER 15 ***Amendments to motions***

- (1) Subject to Standing Order 10(8), an amendment shall be relevant to the motion and shall be either:-
 - (a) to refer a subject of debate to the Executive, the Commission, a board or a committee for consideration or re-consideration;
 - (b) to leave out words;
 - (c) to leave out words and insert or add others;
 - (d) to insert or add words;

but such omission, insertion or addition of words shall not only have the effect of negating a motion before the Council.

- (2) Only one amendment may be moved and discussed at a time and no further amendment shall be moved until the amendment under discussion has been disposed of; provided that the Chairman may permit two or more amendments to be discussed (but not voted on) together if he or she considers that this course would facilitate the proper conduct of the Council's business.
- (3) If an amendment is lost, other amendments may be moved on the original motion.
- (4) If an amendment is carried, the motion as amended shall take the place of the original motion and shall become the substantive motion upon which any further amendment may be moved.
- (5) **After an amendment has been carried, the Chairman will ensure everyone is clear on what the substantive motion is before accepting any further amendments, or if there are none, put it to the vote.**

STANDING ORDER 16 ***Alterations or withdrawal of motions or amendments***

- (1) Subject to Standing Order 10(8), a proposer of a motion may, with the concurrence of the seconder and the consent of the Council, alter the motion if the alteration is such that it could properly be effected by an amendment of the motion. A proposer of an amendment may, with the like concurrence and consent, alter the amendment if the amendment

as altered could properly have been moved in that form as an amendment. The altered motion or amendment shall if required by the Chairman be reduced into writing and handed to him or her before the consent of the Council to the alteration is sought.

- (2) A proposer of a motion or of an amendment may, with the concurrence of the seconder and the consent of the Council, withdraw the motion or amendment which he or she has proposed, and no member shall speak upon it after the proposer has thus asked permission for its withdrawal, unless such permission shall have been refused.
- (3) The giving or refusal of the consent of the Council to the alteration or withdrawal of a motion or amendment shall be signified without discussion.

STANDING ORDER 17 ***Right to require motion in writing***

Unless notice has already been given in accordance with Standing Orders 10 and 12 a motion or an amendment shall, if required by the Chairman, be put into writing and handed to the Chairman before it is further discussed or put to the meeting.

STANDING ORDER 18 ***Motions or questions affecting persons employed by the Council***

If any **motion or** question arises at a meeting of the Council, the Executive, the Commission, a board or a committee as to the appointment, promotion, dismissal, salary, pension, conditions of service or the conduct of any person employed by the Council, such question shall not be the subject of discussion until the body concerned has decided whether or not the power of exclusion of the public shall be exercised.

STANDING ORDER 19 ***Proposing and seconding motions and amendments***

- (1) A motion or amendment shall not be discussed unless it has been proposed and seconded.
- (2) A member may not propose or second a motion or an amendment on which they are disqualified from voting.
- (3) **A Member proposing an amendment will speak only once on the original motion, whilst moving the amendment.**

STANDING ORDER 20
Speeches

Content

- (1) A member shall direct his or her speech to the question under discussion (i.e. it shall be directly relevant to the matter under discussion) or to a point of order or a point of personal explanation or information for the meeting

Length of speeches

- (2) Except in the case of a speech given by a principal speaker which shall not exceed 10 minutes, no speech shall exceed 5 minutes without the consent of the Council, and upon a motion for extension of these time limits no discussion shall be allowed.
- (3) Any extension of time granted to speakers by the Council in pursuance of this Standing Order shall not exceed 10 minutes in the case of a principal speaker or 5 minutes in any other case but the Chairman, at his or her discretion, may permit a further extension if he or she considers that this would facilitate the conduct of the Council's business.

Conduct when speaking

- (4) A member shall not impute motives or use offensive expressions to or about any other member and shall act in accordance with the role of a County Councillor as set out in Article 2.03 of the Constitution.
- (5) A member when speaking shall stand and address the Chairman.
- (6) If two or more members rise, the Chairman shall call on one to speak, the other or others shall then sit.
- (7) While a member is speaking the other members shall remain seated, unless rising to a point of order or in personal explanation.
- (8) Whenever the Chairman rises during a debate a member then standing shall resume his or her seat and the Council shall be silent.
- (9) If any member in the opinion of the Chairman signified to the Council, misconduct himself or herself by persistently disregarding the ruling of the Chairman, or by behaving irregularly, improperly, or offensively, or by wilfully obstructing the business of the Council, or by tedious repetition or unbecoming language in his or her speech, the Chairman or any other member may move "That the member named be not further heard", and such motion if seconded shall be put and determined without discussion.

- (10) If the member named continues his or her misconduct after a motion under the last previous paragraph has been carried, the Chairman shall either:-
- (a) move "That the member named do leave the meeting" (in which case the motion shall be put and determined without seconding or discussion); or
 - (b) adjourn the meeting of the Council for such period as he or she in his or her discretion shall consider expedient.

Seconders's speech

- (11) A member when seconding a motion or amendment may, if he or she then declares his or her intention to do so, reserve his or her speech until a later period of the debate.

When a member may speak again

- (12) A member who has spoken on any motion shall not speak again whilst it is the subject of debate except:-
- (a) in exercise of the right of reply given by Standing Order 21;
 - (b) on a point of order or by way of personal explanation or point for information for the Council in accordance with Standing Order 22;
 - (c) to alter or withdraw a motion or amendment in accordance with Standing Order 16;
 - (d) to propose or second any of the motions referred to in paragraphs (2) to (13) of Standing Order 13;
 - (e) to second or to speak once on an amendment moved by another member;
 - (f) if the motion has been amended since he or she last spoke, to move a further amendment.
- (13) A member whose first speech was on an amendment moved by another member, may, after that amendment has been disposed of, speak again on the main issue or on any further amendment.

[Note: For the purposes of this Standing Order "principal speaker" shall be the member who moves the adoption of a report or of an item of a report of the Executive, the Commission, a board or a committee or who is designated as being an "appropriate spokesman" of the body concerned and is speaking on such a motion or any amendment to it or the member who moves a motion under Standing Order 10.

"Appropriate spokesman" has been defined by the Council as follows:

reporting body: "appropriate spokesman"

Executive: *Leader of the Opposition or his or her nominee*

Scrutiny Commission: *Leader or his or her nominee*

Scrutiny Committees:	<i>spokesmen of the two Groups to which the chairman of the Scrutiny Committee concerned does not belong</i>
Employment Committee:	<i>spokesmen of the two Groups to which the chairman of the Committee does not belong</i>
Development Control & Regulatory Board:	<i>spokesmen of the two Groups to which the chairman of the Board does not belong</i>
Constitution Committee:	<i>spokesmen of the two Groups to which the chairman of the Committee does not belong</i>
Local Pension Committee:	<i>spokesmen of the two Groups to which the chairman of the Committee does not belong]</i>
Corporate Governance Committee	<i>Spokesmen of the two Groups to which the Chairman of the Committee does not belong</i>

STANDING ORDER 21 ***Right of reply***

- (1) The proposer of a motion shall have the right to reply to the debate:-
 - (a) at the close of the debate on the motion;
 - (b) at the close of the debate on an amendment to the motion;
 - (c) before a motion to proceed to next business or that the Council adjourn or a motion or amendment to refer the subject of debate to a Committee is put;
 - (d) after the closure is carried.
- (2) The proposer of an amendment shall not have the right of reply to either the debate on the amendment or to the debate on a substantive motion formed by the carrying of the amendment.
- (3) A member exercising a right of reply shall strictly confine himself or herself to answering previous speakers to whom he or she has not already had the opportunity of replying and shall not introduce any new matter.
- (4) After every reply to which this Standing Order applies a decision shall forthwith be taken upon the motion or amendment then under discussion.

STANDING ORDER 22 ***Points of Order***

- (1) A member may rise on a point of order and shall be entitled to be heard forthwith. A point of order shall relate only to an alleged breach of a Standing Order or statutory provision and the member shall specify the Standing Order or statutory provision and the way in which he or she considers it has been broken.

- (2) The ruling of the Chairman on a point of order shall not be open to discussion.

STANDING ORDER 23

Points of Personal Explanation or Information for the meeting

- (1) A member may rise on a point of personal explanation or point for information for the Council and shall be heard forthwith.
- (2) A point of personal explanation shall be confined to some material part of the former speech by him or her which may have been misunderstood in the present debate.
- (3) A point of information for the meeting shall be confined to correcting a speaker developing their argument on incorrect facts or figures so as to avoid misleading the meeting.
- (4) The ruling of the Chairman on a point of personal explanation or point of information for the Council shall not be open for discussion.

STANDING ORDER 24

Closure Motions

- (1) **A member may move, without comment, the following motions at the end of a speech of another member:**
 - (a) to proceed to the next business;
 - (b) that the proposition be now put;
 - (c) to adjourn a debate;
 - (d) to adjourn a meeting.
- (2) **If a motion to proceed to the next business is seconded and the Chairman thinks the item has been sufficiently discussed, they will give the mover of the original motion a right of reply and then put the procedural motion to the vote.**
- (3) **If a motion that the proposition be now put is seconded and the Chairman thinks the item has been sufficiently discussed, they will put the procedural motion to the vote. If it is passed they will give the mover of the original motion a right of reply before putting their motion to the vote.**
- (4) **If a motion to adjourn the debate or to adjourn the meeting is seconded and the Chairman thinks the item has not been sufficiently discussed and cannot reasonably be so discussed on that occasion, they will put the procedural motion to the vote without giving the mover of the original motion the right of reply.**

Unless otherwise proposed, the matter will be adjourned to the next ordinary meeting of the Council.

STANDING ORDER 25

Voting

Majority vote

- (1) Unless this Constitution or the law provides otherwise, any matter will be decided by a majority of those Members present and voting thereon at the meeting at the time the matter is put.**
- (2) Every proposition shall, unless otherwise required by these Standing Orders or Statute, be determined by show of hands or, at the discretion of the Chairman, by voices, or, if there is no dissent, by the affirmation of the meeting.
- (3) If an automatic system of recording votes is in operation, the Chairman shall have power to order votes to be given and counted in accordance with the system.
- (4) In taking the votes on any proposition, those members only shall be entitled to vote who are present in the Council Chamber when the proposition is put from the Chairman.

Chairman's casting vote

- (5) If there is an equal number of votes for and against a proposition, the Chairman will have a second or casting vote. There will be no restriction on how the Chair chooses to exercise a casting vote.**

Ballots

- (6) A vote will take place by ballot if required by these Standing Orders or at the Chairman's discretion. A ballot will be conducted by the Chief Executive whose return will be final and conclusive. The Chairman will announce the numerical result of the ballot immediately the result is known.**

Recording of Votes

The Budget

- (7) A vote on any proposition at a budget meeting which relates to the calculation of or the issuing of the precept shall be recorded in the minutes of the meeting so as to show whether each member present gave his or her vote for or against the proposition or abstained from voting.

Request for a recorded vote

- (8) After a proposition is put from the Chairman but before the vote is taken, any five members rising in their places may require that the voting shall be recorded in the minutes of the meeting so as to show whether each member present gave his or her vote for or against that proposition or abstained from voting.

Right to require individual vote be recorded

- (9) Where immediately after a vote is taken any member so requires, there shall be recorded in the minutes of the proceedings of that meeting whether that person cast his or her vote for the question or against the question or whether he or she abstained from voting.

Voting on appointments (Except at the Annual Meeting)

- (10) **Except for appointments made at the Annual Meeting (Standing Order 26),** every candidate nominated to represent the Council in any capacity or for any position to be filled by the Council must be openly proposed and seconded.
- (11) At the close of nominations the Chairman will state the names of the candidates duly proposed and seconded and the number of vacancies to be filled if the number is limited.
- (12) If the number of nominations do not exceed the number of vacancies or the number of vacancies is not limited the Chairman will immediately put the appointments (collectively or otherwise) to the vote. No amendment may be moved on such a motion.
- (13) If the number of nominations exceeds the number of vacancies there shall be a ballot of the members present at the meeting in which each member of the Council may vote for as many candidates as there are vacancies to be filled.
- (14) No candidate shall be appointed unless the number of votes cast in his or her favour exceeds half the number of persons voting.
- (15) **If in any ballot there is not a clear majority of votes in favour of one person, then the name of the person with the least number of votes will be taken off the list and a new vote taken. The process will continue until there is a majority of votes for one person.**

STANDING ORDER 26***Appointments at the Annual Meeting of the Council***

At the Annual Meeting of the Council the procedure for the appointment of the Leader, Cabinet Support Members and those members of the Commission and of the boards and committees who are to be appointed

by the Council shall be as set out below, and Standing Orders 10 (Notices of Motion), 11 (Motions and amendments which may be moved without notice), 12 (Notice of amendments) and 25(10) – (15) (Voting on appointments) shall not apply for the purpose of such appointments:-

- (a) The Chairman of the Council shall invite proposals, each of which shall be in the form of a list of candidates nominated for all the vacancies to be filled; it shall not be in order to propose a list of nominations which does not deal with all the appointments which are to be made at the meeting.
- (b) No amendment may be moved in respect of any list of nominations.
- (c) The Chairman shall then put to the Council for decision the lists of nominations proposed and seconded. Each member shall have one vote only to be cast in favour of one list of nominations.
- (d) If there is more than one list of nominations there shall be a series of votes. After each vote, the list which has attracted the least number of votes shall be struck out and a further vote taken, and so on until one list receives a majority of the members of the Council present and voting.
- (e) The Chairman shall declare appointed those members named in the list of nominations which attract the majority of votes.

STANDING ORDER 27 ***General disturbances***

- (1) If a member of the public interrupts the proceedings at any meeting the Chairman shall warn him or her. If he or she continues the interruption the Chairman shall order his or her removal from the room. In case of general disturbance in any part of the room open to the public the Chairman shall order that part to be cleared.
- (3) If, in the opinion of the Chairman, misconduct or obstruction renders the due and orderly dispatch of business impossible, the Chairman, in addition to any other power vested in him or her, may without the question being put suspend the meeting for a period not exceeding 30 minutes.

Section 2 – Executive, Commission, boards and Committee Procedure Rules

STANDING ORDER 28 *Application of Council Procedure Rules*

In addition to those Standing Orders set out in this Section, the following Council Procedure Rules set out in Section 1 above shall apply with any necessary modification, to meetings of the Executive, Commission, boards and committees:

- 2(4) – (7) (Chairman and Vice Chairman)
- 3(2) (Quorum)
- 5 (Variation to the Order of Business)
- 6 (Minutes)
- 11 (Motions and Amendments which may be moved without notice)
- 13 (Motions which may be moved during debate)
- 15 (Amendments to motions)
- 16 (Alterations or withdrawal of motions or amendments)
- 17 (Right to require motion in writing)
- 18 (Motions or questions affecting persons employed by the Council)
- 19 (Proposing and seconding motions and amendments)
- 21 (Right of reply)
- 22 (Points of Order)
- 23 (Points of Personal Explanation or Information for the meeting)
- 24 (Closure Motions)
- 25 (Voting)
- 27 (General disturbances)

[Note: Notices of motion are not permitted at meetings of the Commission, boards or committees. Reference to 'motions' at meetings of the Commission, board or committees will mean 'recommendations'.]

STANDING ORDER 29 *Chairman and Deputy Chairman*

Executive

- (1) The Leader shall be appointed by Council and shall hold office in accordance with Article 7 of this Constitution. The Leader and Deputy Leader shall *ex-officio* respectively act as the chairman and deputy chairman of the Executive.

Commission, committees and boards

- (2) The Leader of the numerically largest opposition party shall be the Leader of the Opposition and shall *ex-officio* act as the chairman of the Commission in accordance with Article 6 of this Constitution. The

deputy chairman of the Commission will be appointed by the Commission from amongst its members.

- (4) The chairmen of the scrutiny committees will be appointed by Council in accordance with Rule 6 of the Overview and Scrutiny Procedure Rules (Part 4E). The deputy chairmen of these committees shall be appointed by each committee from amongst its members.**
- (4) Except where otherwise agreed by the Council, each board or committee shall appoint its chairman and deputy chairman from amongst its members.
- (5) The deputy chairman of the Commission and the chairman and deputy chairman of a board or committee shall hold office until:
 - (a) he or she resigns;
 - (b) he or she is suspended by the Group (although he or she may resume office at the end of the period of suspension);
 - (c) he or she is no longer a county councillor;
 - (d) he or she is removed from office by the appointing body; or
 - (e) the meeting of the appointing body next following the Annual Meeting of the Council after his or her appointment.
- (6) The appointment of the deputy chairman of the Commission and the chairman and deputy chairman of a board or committee shall be conducted in the same way as an appointment is required to be made by the Council under Standing Order 25 (Voting).

STANDING ORDER 30 ***Meetings***

Executive

- (1) The Leader will decide upon the schedule of meetings of the Executive in accordance with the Executive Procedure Rules (Part 4D).**

Commission, boards or committees

- (2) The time and place of all meetings of the Commission, boards or committees for each year will be determined on an annual basis by the Chief Executive.**

Special meetings

- (3) The Leader (or in their absence, the Deputy Leader) may call a special meeting of the Cabinet at any time.**

- (4) The Leader of the Opposition as chairman of the Commission, or the chairman of a board or a committee or the Chairman of the Council may cause a special meeting of the body concerned to be called at any time. In the absence of the chairman of the body concerned the deputy chairman may exercise the powers conferred on the chairman by this Standing Order.
- (5) A special meeting of the Executive, the Commission, a board or a committee or subcommittee shall be called on the request of at least one quarter of the whole number of members of the body concerned by notice in writing signed by them and given to the Chief Executive and specifying the business for which the meeting is to be called.

STANDING ORDER 31
Proceedings at meetings

Quorum

- (1) The quorum of the Executive, Commission, board or committee, unless a special quorum is otherwise prescribed, shall be at least one quarter of the whole number of the body concerned, provided that in no case shall a quorum be less than three members.

Substitute Members

- (2) **Except as prohibited by law or a bodies specific Terms of Reference, substitute members may attend meetings of the Commission, boards or committees.**
- (3) **Substitute members will have all the powers and duties of any ordinary member of the Commission, board or committee when attending a meeting.**
- (4) **Substitute members may attend meetings in that capacity:**
 - (a) **To take the place of the ordinary member for whom they are the designated substitute;**
 - (b) **Where the ordinary member will be absent for the whole of the meeting; and**
 - (c) **After notifying the Chief Executive by 5pm the day before the relevant meeting.**
- (5) **Any substitution properly made will be announced at the beginning of the meeting, and the original member for whom the substitution is taking place cannot resume membership of the Commission, board or committee until after the conclusion of the meeting for which substitution has occurred.**

Urgent Business

- (6) **Business cannot be dealt with at a meeting of the Executive, Commission, boards or committees unless it is included on the agenda or unless the chairman has agreed that it is urgent and cannot wait until the next meeting. The chairman must give the reasons for urgency, which must be recorded in the minutes for the meeting.**

Items requested by a political group

- (7) In relation to meetings of the Commission and other scrutiny committees, a political group may give notice in writing to the Chief Executive delivered at least eight clear days before the next meeting that they wish the item of business specified in the notice to be included in the agenda for consideration at that meeting. Such notice shall include an explanation of the reasons underlying the request and the purpose to be achieved.
- (8) **A political group raising an item under this Standing Order will be precluded from raising the matter again for a period of six months from the date it is considered by the Commission or committee concerned unless there has been a material change in circumstances.**

Attendance required by others

- (9) **In relation to meetings of the Executive, Executive members may require a chief officer to attend a meeting to provide information or answers questions, and it is the duty of those officers to attend if so required.**
- (10) In relation to meetings of the Commission, boards and committees the body concerned may, by resolution, require a relevant member of the Executive or chief officer to attend a meeting to provide information or answer questions and it is the duty of those persons to attend if so required.

[Note: Further rules regarding the attendance of others at meetings of the Commission and other scrutiny committees are set out in the Overview and Scrutiny Procedure Rules (Part 4E)]

Observing and speaking at meetings

- (11) Any Council member may attend as an observer at decision-making meetings of the Executive, including meetings or items of business from which the public has been excluded. If given permission by the chairman of the meeting, a member attending as an observer may speak (but not vote) on any matter.

- (12) Any Council member may attend as an observer at meetings of the Commission, boards or committees, except those meetings which the County Council may from time to time determine for the purposes of this Standing Order (see note below), including meetings or items of business from which the public has been excluded. If given permission by the chairman of the meeting, a member attending as an observer may speak (but not vote) on any matter.

Confidential information

- (13) Subject to the provisions of Section 100 of the Local Government Act 1972, all reports and all documents marked as "confidential" or "not for publication" shall be treated as confidential until they become public in the ordinary course of the Council's business.

Subcommittees

- (14) No act of a subcommittee shall have effect until approved by the appointing board or committee except to the extent that the board or committee has itself power to act without the approval of the Council and the power so to act has been conferred upon the subcommittee.

[Note: The County Council has determined the following meetings for the purposes of paragraph (5) above:

*Adoption Panel;
Appointment Committee (Chief Officer);
Approval of Premises Panel (Civil Marriages);
Complaints Panel (School Curriculum and Religious Education);
County Council Employment Panel;
Disputes Panel;
Fostering Panel;
Guardianship Panel;
Member Conduct Panel;
Representations Panel (Independent providers of adult social care)]*

STANDING ORDER 32

Questions

[Note: This Standing Order does not apply to meetings of the Executive.]

Questions from Members

- (1) At ordinary meetings of the Commission, boards or committees, any member of the Council may ask the chairman of that body questions on any matter in relation to which the body concerned has delegated or advisory functions. The time for dealing with such questions will immediately follow the item on the agenda for answering questions from electors.

- (2) Any question submitted under paragraph (1) shall be submitted in writing to the Chief Executive not less than five clear days **(including weekends and bank holidays)** before the meeting at which the member proposes to ask the question.
- (3) The chairman of the meeting may allow the asking of a question which has not been submitted as required by paragraph (1) above, if he or she considers that it relates to urgent business. The text of any such question shall, if possible, be delivered to the Chief Executive not later than 10.00 a.m. on the day before the meeting at which the question is to be asked.

Questions from electors

- (4) At any ordinary meeting of the Commission, boards or committees to which the press and public are admitted, any elector registered within the County may, subject to this Standing Order, ask the chairman of that body any question on any matter in relation to which it has powers and duties.
- (5) Any question submitted under paragraph (4) shall be submitted in writing to the Chief Executive not less than five clear days **(including weekends and bank holidays)** before the meeting at which the member or elector proposes to ask the question.

Scope of questions

- (6) The Chief Executive may decline to accept a proposed question if in his or her opinion it is:
 - (a) not relevant to the functions of the body concerned;
 - (b) is offensive, frivolous, defamatory, vexatious or unlawful;
 - (c) is substantially similar to a question which has been put at a meeting in the past six months; or
 - (d) requires the disclosure of confidential or exempt information;
 - (e) considered by the chairman to be inappropriate for the particular meeting.
- (7) **Where a question is declined, the questioner will be advised of the reasons for that. Time permitting, the questioner will be given an opportunity to submit an amended question that will be considered afresh. For the avoidance of doubt, questions amended in this way must be delivered within the timescale referred to in paragraph 13.3 above**

Putting and answering questions

- (8) Questions shall be put and answered in the order in which they were received and accepted by the Chief Executive.

- (9) The period allowed for the putting and answering of questions shall be ten minutes, commencing immediately following the confirmation of the minutes of the previous meeting, but it shall be open to any member of the body concerned to move an extension of this period should there be questions remaining unanswered. Such a motion shall be moved and seconded formally and be put without discussion.

Supplementary questions

- (10) After a question has been replied to, the elector who asked it may, if they are present at the meeting, ask one supplementary question for the purpose of clarifying the reply which has been given. An elector asking such a supplementary question shall comply with paragraph (3) above and confine himself or herself to the substance of the original question, and shall not introduce any new matter which did not fall within the scope of his or her original question. If the chairman of the meeting is of the opinion that the supplementary question is out of order, or of a personal character, or in the interests of the Council it is undesirable, he or she shall so inform the elector and shall not allow the question to be put. In paragraphs (11) – (14) of this Standing Order, the word "question" shall include such a supplementary question.

No discussion or decisions

- (11) Questions and supplementary questions and replies thereto shall be put and answered without discussion.
- (12) **No decision can be made arising from a question except that** a member of the body concerned may propose that the subject matter of the question be placed on the agenda of the next ordinary meeting of the body concerned. Such a motion shall be moved and seconded formally and be put without discussion.

Record of questions

- (13) **Questions asked under this Procedure Rule will be recorded in the minutes of the meeting.**
- (14) **The Chief Executive will supply the questioner with a copy of the replies to their questions as soon as reasonably practicable after the meeting.**

STANDING ORDER 33

Petitions

[Note: This Standing Order should be considered alongside the Petitions Scheme set out in Part 10 of the Council's Constitution.]

- (1) Petitions may be presented at meetings of the Commission, a board or committee, **but not the Executive**, in accordance with the conditions

set out in the Petitions Scheme at Part 10 of this Constitution.

- (2) The Commission, board or committee shall receive only such petitions as have been lodged with the Chief Executive eight clear days before the meeting and are presented by a person who resides, studies or works in the County and/or is a recipient of County Council services and is associated with the petition. Petitions can also be presented by an elected member on behalf of such a person or can be considered in their absence. This Standing Order shall not apply to meetings of the Council or the Executive, subject to paragraphs (5) and (6) below.
- (3) Every petition shall be couched in proper language and be relevant to some question over which the Council or the Commission or board or committee concerned have authority, or which otherwise affects the County and shall involve a call for action. Signatories should record their name, address (and email address for electronic petitions) and date they signed the petition, and any residential, work or study addresses. The Chief Executive shall have the right to refuse to accept any petition which is considered to be frivolous, vexatious, discriminatory or otherwise inappropriate.
- (4) If the petitioner is present and wishes to do so, he or she may speak but only to the extent of formally repeating the wording of the petition and stating the number of signatories to it. The Commission, board or committee shall then debate the question raised by the petition at that meeting.
- (5) Nothing in this Standing Order will prevent a petition being presented elsewhere provided that it relates to a matter which is already before the body concerned.
- (6) Where a petition attracts significant support from the local community, defined as being signed by at least 10,000 persons living, working or studying in the Authority's area, it will be considered at a meeting of the full County Council.
- (7) Where a body considering a petition believes that a wider debate can be justified, it may report to a meeting of the full County Council, regardless of the number of signatories to that petition.
- (8) If the petition organiser feels unhappy with the way their petition was handled he/she can request that the Council review the steps taken in response to the petition. The petition organiser should contact Democratic Services and provide an explanation of the reasons why the way the petition has been dealt with is not considered to be adequate. The Council will consider the request and respond accordingly within 10 working days.

Section 3 – Interpretation, amendment and Suspension of Standing Orders

STANDING ORDER 34

Interpretation

The ruling of the Chairman as to the construction or application of any of these Standing Orders, or as to any proceedings of the Council, shall not be challenged at any meeting of the Council.

STANDING ORDER 35

Variation and revocation

So far as permitted in law, any motion to add to, vary or revoke these Standing Orders shall when proposed and seconded stand adjourned without discussion to the next ordinary meeting of the Council.

STANDING ORDER 36

Suspension

- (1) Subject to paragraph (2) of this Standing Order, any of the preceding Standing Orders may be suspended so far as regards any business at the meeting where its suspension is moved.
- (2) A motion to suspend any of the preceding Standing Orders shall not be moved without notice unless there shall be present at least one-half of the whole number of the members of the Council.

[end of Meeting Procedure Rules]

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REPORT OF THE EMPLOYMENT COMMITTEE

A. PAY POLICY STATEMENT 2026/27

Introduction

1. The purpose of this report is to seek approval for the Council's Pay Policy Statement for 2026/27, appended to this report.

Background

2. On 15 November 2011, the Localism Act received Royal Assent. Under Section 38 of the Act, local authorities in England and Wales are required to produce a Pay Policy Statement for each financial year which must be approved by the Full County Council.
3. This statement must set out the Council's policies in relation to:
 - (i) The remuneration of its chief officers;
 - (ii) The remuneration of its lowest-paid employees; and
 - (iii) The relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.
4. For the purposes of this statement, remuneration includes basic salary, bonuses and other allowances or entitlements related to employment.
5. The Council is required to publish the Pay Policy Statement for 2026/27 on or before 1st April 2026.

Key Points

6. The proposed Pay Policy Statement attached sets out:
 - (i) The Council's approach to job evaluation and grading of posts;
 - (ii) Additional payments that employees are eligible to receive, such as night enhancement, overtime;
 - (iii) The Council's pay multiple (the ratio between the highest paid employee and the median average salary of the Council's workforce, excluding schools but including ESPO) which is 1:6.82;
 - (iv) That there is no distinction between chief officers and other employees in relation to pension entitlements and severance payments;
 - (v) The Council's approach to the re-engagement of former employees.
7. The most recently revised pay structure took effect from 1 April 2019, which ensured that the provisions set out by the National Joint Council (NJC) pay award for 2019/20 were met.

8. At the time of writing, the 2025/26 pay structure is in place for employees on National Joint Council (NJC) terms and conditions, Chief Executive's terms and conditions and Joint Negotiating Committee for Chief Officer (JNC) terms and conditions. This pay structure incorporates the respective, nationally agreed pay awards of 3.2% which were applied to grades 2 to 22 inclusive in August 2025, following consultation with the Chairman and Spokesmen of the Employment Committee.

Resource Implications

9. It is estimated that this will increase the pay bill by around 3.5%, which is within the forecasted budget for 2025/26.

Equality Implications

10. An Equal Pay Audit was presented to the Employment Committee in May 2024.

Human Rights Implications

11. There are no human rights implications arising from the recommendations in this report.

Consideration by the Employment Committee

12. The Employment Committee at its meeting on 4 December 2025 considered the Pay Policy Statement for 2026/27. Questions were asked regarding the approval process and timing for the next revision of the pay structure. Members noted that the County Council had adopted a local pay and grading structure, but that it was similar to the national Local Government Pay and Grading Structure and the Council remained part of the national pay bargaining machinery. Members also queried the last time that Council employees had not received an annual salary increase. The decision of the Employment Committee is reflected in the motion below.

(Motion to be moved: -

That the County Council's Pay Policy Statement 2026/27, as set out in the Appendix to the report of the Employment Committee, be approved.)

4 December 2025

**Miss H Butler CC
Chairman of the
Employment Committee**

Background Papers

Report to the Employment Committee on 4 December 2025 – Pay Policy Statement

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=212&MId=7899&Ver=4>

Appendix

Pay Policy Statement

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Appendix A

a

Pay Policy Statement - 2026/2027

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Purpose

As a responsible employer Leicestershire County Council is committed to delivering a fair, equitable and transparent policy covering pay and other employee benefits which improves flexibility in delivering services and provides value for money.

Within the framework of its terms and conditions of employment, the Council aims to develop and maintain appropriate pay systems and benefit packages to attract and retain motivated, flexible people who take responsibility, work as a team, improve performance and acquire new skills.

This Pay Policy Statement sets out the Council's policies relating to the pay of its workforce for the period from 1st April 2025 to 31st March 2026, in particular the:

- Remuneration of chief officers;
- Remuneration of the lowest-paid employees;
- Relationship between the remuneration of chief officers and employees who are not chief officers.

The statement meets the Council's obligations under the Localism Act 2011 and will enable the elected members of the Council to make decisions on pay.

The Council's Pay Policy Statement will be agreed by Full Council before the beginning of each financial year and will then be published on the County Council's website ([Click here](#)). The statement may also be amended by Full Council during the course of the year if necessary.

Scope

This statement applies to all employees of Leicestershire County Council employed under the conditions of service of the following bodies:

- National Joint Council for Local Government Services;
- Joint Negotiating Committee for Chief Officers of Local Authorities;
- Joint Negotiating Committee for Local Authority Chief Executives;
- School Teachers' Pay and Conditions (for Centrally Employed Teachers);
- Soulbury Committee.

It is not applicable to employees based in schools and colleges with delegated budgets.

Definitions

For the purposes of this Pay Policy Statement the following definitions will apply:

Remuneration

This includes three elements:

- Basic salary;
- Pension;
- Any other allowances arising from employment.

Chief Officers

Under the Localism Act 2011 a Chief Officer is defined as:

- The head of the Council's paid service designated under section 4(1) of the Local Government and Housing Act 1989;
- Its monitoring officer designated under section 5(1) of that Act;
- A statutory chief officer mentioned in section 2(6) of that Act;
- A non-statutory chief officer mentioned in section 2(7) of that Act;
- A deputy chief officer mentioned in section 2(8) of that Act.

In Leicestershire County Council this definition would apply to the posts set out in [Appendix A](#).

Definition of a Day's Pay

The definition of a day's pay is the hours worked on the day multiplied by the employee's hourly rate of pay.

Lowest Paid Employees

This refers to employees on Grade 2, Pay Point 2. This definition has been adopted as it is the lowest level of remuneration attached to a post within the Council. The lowest pay point value with effect from 1 April 2025 is £ 12.65, which exceeds the projected National Living Wage rate at that date.

Pay and Grading Structure

The grading of all posts in the Council, except Centrally Employed Teachers, is determined using the nationally recognised Hay Job Evaluation Scheme. This is in order to ensure that all posts are graded and therefore rewarded financially through a fair and non-discriminatory process, that there is consistency in treatment between posts and that the Council complies with equal pay legislation. The scheme is an analytical one that takes into consideration three key elements of a post:

- Know How - the levels of knowledge, skill and experience (gained through work experience, education and training) which are required to perform the job successfully;
- Problem Solving - the complexity of thinking required to perform the job when applying Know How;
- Accountability - the impact the job has on the organisation and the constraints that the job holder has on acting independently.

Part of the guidance from Hay when introducing the scheme was that there should be a minimum of a 33.3% differential between the Chief Executive and the highest paid Chief Officer.

Basic pay is paid in accordance with the evaluated grade of the post. Each grade comprises a range of pay points. A copy of the Council's pay and grading structure is attached at [Appendix B](#).

The introduction of the National Living Wage with effect from 1 April 2016 had a substantial impact upon the Council's pay structure, in particular the lowest pay grades. This was further compounded by the implementation of subsequent pay awards which followed the national pay awards made by the NJC. From 1st April 2019, a revised pay structure was established which ensured that the provisions set out by the NJC pay award for 2019/20 were met. The Council's revised pay structure also addressed several other priorities including the introduction of meaningful progression, addressing some of the Council's recruitment and retention challenges, and some ability to accommodate future pay awards as appropriate.

Annual pay awards for all employees except Centrally Employed Teachers and those employed on Soulbury Committee conditions will be agreed by Employment Committee having regard to any agreement reached by the relevant national negotiating bodies. The current pay award for all employees up to and including Grade 17 follows the national award made by the National Joint Council for Local Government Employees and covers the period up to 31 March 2026.

A pay award covering the same period was agreed for employees on Joint Negotiating Committee (JNC) terms and conditions for Chief Executives.

For employees on JNC terms and conditions for Chief Officers, a pay award of 3.2% was agreed for the period up to 31 March 2026.

Annual pay awards for centrally employed teachers and those on Soulbury Committee conditions will be in accordance with those agreed by the respective national bodies.

Details of the national pay scales for Centrally Employed Teachers are available on the [Gov.uk website](https://www.gov.uk).

Employees in post when a pay award is due but who subsequently leave the Council before it is implemented are entitled to receive the difference in pay. To claim backdating from their date of leaving they must contact the Employee Service Centre.

Details of senior management remuneration are published annually on the Council's website as part of this Pay Policy Statement and in the [Council's Statement of Accounts](#). A copy of the information for 2025/2026 contained in the Pay Policy Statement is attached at [Appendix A](#).

The 'pay multiple' - the ratio between the highest paid full-time equivalent (FTE) salary (Grade 22) and the median average salary of the Council's workforce – is 1:6.82 (excluding schools).

Remuneration on Appointment

All employees are usually appointed to the minimum pay point applicable to the grade of the post. If the employee is already being paid above the minimum pay point, managers have discretion in some circumstances to appoint to a higher pay point, subject to the maximum of the grade.

Where it is necessary for a newly appointed employee to relocate in order to take up a post, the Council may make a contribution towards the reimbursement of relocation expenses in line with the Relocation Policy.

Employment Committee is given the opportunity to consider salary packages over £100,000 before new posts are established and advertised.

Market Supplements

There is provision for the award of market supplements where a job has been evaluated under the Hay Job Evaluation Scheme and the resulting salary is proven to be out of step with the market rate for the job. The award of market supplement is subject to the agreement of the Chief Executive in consultation with the Chairman or Vice Chairman of the Employment Committee. If approved, market supplements are awarded for a period of up to three years. Details of the scheme can be found in the Council's Recruitment and Retention Incentives Policy.

Incremental Progression

Centrally Employed Teachers

A locally agreed Pay Policy for Centrally Employed Teachers has been in place since April 2014.

Soulbury Employees

Employees covered by the Soulbury Agreement are eligible to receive annual increments on 1st September each year until they reach the maximum for the grade of their job.

Other Employees

Subject to one year's satisfactory service in the grade, employees are eligible to receive annual increments on 1st April each year until they reach the maximum pay point for the grade of their job. Where circumstances warrant, accelerated increments may be granted by a Chief Officer.

Career Graded Posts

Employees subject to career grade schemes will progress in line with the arrangements for that post.

Additional Payments

Employees are eligible to receive a flat-rate enhancement for working at night.

Employees are eligible to receive enhancements for working on public holidays.

Employees in posts graded 1-9 who work additional hours are eligible to receive payment at plain time rate for hours worked; employees in Grades 10-14 who work additional hours are not eligible to be paid, but may receive time off in lieu (other than in exceptional circumstances, as set out in the Council's Smarter Working Policy); and for employees in Grades 15 and above, there is no entitlement to pay or time off in lieu for working additional hours. Details of these provisions are set out in the Council's Pay Arrangements Policy.

Employees required to "sleep in" on the premises receive an allowance as agreed by the National Joint Council for Local Government Services.

Employees required to participate in a standby rota due to the nature of their job will receive an allowance based on that agreed by the National Joint Council for Local Government Services as part of the annual pay award.

Other Allowances

All senior officers on grade 18 and above receive allowances as detailed in the Conditions of Service of the Joint Negotiating Committee for Chief Officers of Local Authorities and the Joint Negotiating Committee for Local Authority Chief Executives.

However, where these conditions are silent, or do not cover an allowance or process, the Chief Executive and senior officers receive the same as those employees covered by the National Joint Council for Local Government Services.

A copy of the School Teachers' Pay and Conditions document can be found on the [Gov.uk website](https://www.gov.uk). Copies of the conditions of service for all other employees covered by this statement can be requested from the [Local Government Association](https://www.local.gov.uk).

Professional Fees

The Council reimburses annual registration or comparable fees to employees who are unable to practise their professions unless such fees are paid. Professional fees are also paid to employees who are being sponsored to undertake training leading to a professional qualification. However, once the qualification has been gained, the individual will become responsible for paying their own professional fees.

The Council pays the annual subscription for Chief Officers to Societies of Chief Officers and similar organisations.

Car Allowances

All posts, including Chief Officers, within Leicestershire County Council may claim mileage paid at HRMC rates for business travel. The Council operates a car benefit salary sacrifice scheme, open to all eligible employees.

First Aid Allowances

Employees who are classified as a 'designated first-aider' are eligible to receive an allowance.

All designated first-aiders (but not appointed persons) will receive an allowance of 1% of the salary for pay point 5, pro rata to hours worked. The allowance will not be used in calculating any enhancements.

Bonus Payments

The Council does not pay any group of employees a bonus.

Pension Benefits

Centrally Employed Teachers

All Centrally Employed Teachers are eligible to join the Teachers' Pension Scheme. Employees within Leicestershire Youth Service and Leicestershire Adult Learning Service may also join if their role gives eligibility to join the scheme. The scheme is a statutory scheme with contributions from employees and employers. Details of the scheme can be found on the [Teachers' Pension Scheme website](#).

Other Employees

All employees under the age of 75 are eligible to join the Local Government Pension Scheme. The scheme is a statutory scheme with contributions from employees and employers. Details of the scheme can be found on the [Leicestershire County Council Pension Fund](#) site.

The scheme allows for the exercise of discretion on the enhancement of retirement benefits. The Council will consider each case on its merits but has determined that its usual policy is not to enhance benefits for any of its employees.

The scheme provides for flexible retirement. To be eligible to request flexible retirement, the Council requires that an employee must either reduce their working hours by a minimum of 40% and/or be appointed to a post on a lower grade. In applying this provision no distinction is made between employees.

Under the Local Government Pension Scheme, employees who return to work after drawing their pension will not have their pension abated (i.e. reduced or suspended) except where they have been previously awarded "added years".

The Council does not award "added years" to employees and has not done so since 2006.

Honoraria

Subject to certain conditions, employees (excluding Centrally Employed Teachers) who are temporarily required to undertake some or all of the duties of a higher graded post are eligible to be paid an honorarium. Details of the scheme can be found in the Council's Honorarium and Acting-Up Policy and Procedure.

Salary Protection

Details of the Council's salary protection provisions that apply to employees who are redeployed into a new post as a result of organisational change can be found in the Council's Organisational Change Policy and Procedure.

Details of the Council's salary protection provisions that apply to employees whose post is downgraded as a result of a grading review can be found in the Council's Job Evaluation Guidance.

The provisions relating to safeguarding (pay protection) set out in the School Teachers Pay and Conditions Document apply to centrally employed teachers. Other Council employees are eligible to receive salary protection for a period of up to one year if they are redeployed into a lower-graded post, with the amount of protection depending on the difference between the grades of their former job and new job.

Severance Payments

Early Retirement (Efficiency of Service)

The Local Government Pension Scheme allows employers certain discretionary powers but the Council's usual policy is not to enhance pension benefits for any employee. Therefore, there are no provisions for employees to seek early retirement on the grounds of efficiency of the service.

Redundancy

The Council has a single redundancy scheme which applies to all employees. Redundancy payments are calculated in accordance with the Employment Rights Act 1996 and the 2006 Discretionary Compensation Regulations and are based on the employee's age, length of continuous local government service and salary. Details of the redundancy scheme can be found in the Council's Organisational Change Policy and Procedure.

The Council does not provide any further payment to employees leaving the Council's employment other than in respect of accrued annual leave.

Employees who have TUPE transferred into the Council on redundancy terms which are more favourable than those detailed above will retain these provisions as per TUPE legislation.

Full Council will be given the opportunity to vote on severance packages over £100,000 before they are approved.

Special Severance Payments

Special severance payments (additional, discretionary sums paid on top of statutory and contractual redundancy or severance terms including, any payments reached under a settlement agreement and certain PILON payments) of £100,000 and above must be approved by a vote of full council.

Special severance payments of £20,000 and above, but below £100,000, must be personally approved and signed off by the Head of Paid Service, with a clear record of the Leader's approval and that of any others who have signed off the payment.

Special severance payments below £20,000 must be approved according to the Council's scheme of delegation.

Re-Engagement of Employees

Where employees have left the Council's employment due to voluntary redundancy (with or without release of pension benefits) or settlement agreement within the last

12 months, re-engagement will only be considered in exceptional circumstances where there is a business-critical reason. Details can be found in the Council's Policy on the Re-Engagement of Former Employees¹.

The above restriction does not apply where an employee was dismissed on the grounds of voluntary redundancy but without an entitlement to a redundancy payment and/or pension benefits, or where an employee was made compulsorily redundant.

Where it is agreed that a former employee should be offered re-employment with the Council during the 12 month non re-engagement period, the individual will be required to repay either all or a proportion of the severance payment received from the Council. The amount to be recovered will depend on the time that has elapsed since they received the payment. The individual must be advised of this requirement when they are provisionally offered the post.

Any necessary adjustments to pension would be made in accordance with the scheme regulations.

Employees who are offered another post with any organisation covered by the Modification Order Act prior to their redundancy leaving date and commence this post within 4 weeks of that date are not eligible to receive their redundancy payment.

Publication and Access to Information

This Pay Policy Statement will be published on the Council's website, together with the Council's pay and grading structure and information relating to senior management remuneration.

¹ Please note that the term voluntary redundancy does not apply to those employees who have volunteered to be made compulsorily redundant.

Appendix A - Senior Management Remuneration 2025/2026

The information below shows the total pay received by Senior Officers (as defined in the Localism Act) within the County Council for the financial year 2025/26. It does not include Head Teachers. The figures include taxable benefits i.e. lease car payments made for these positions during the year 2025/26.

All the jobs listed below have been ranked in terms of level of responsibility within a job evaluation framework applied to all County Council employees (excluding teaching staff). Rates of pay have then been determined with reference to market rates within similar local government authorities.

Post title	Total Pay £'000
Chief Executive's Department	
Chief Executive	234
Director of Law and Governance	156
Assistant Chief Executive	98
Public Health	
Director of Public Health	156
Assistant Director – Commissioning	107
Assistant Director – Delivery	107
Corporate Resources	
Director of Corporate Resources – S151 Officer	146
Assistant Director – IT, Comms, Commercial & Customer Services	138
Assistant Director – Finance, Strategic Property & Commissioning	125
Assistant Director – People, Property, and Transformation	122
Children and Family Services	
Director of Children & Family Services	156
Assistant Director - Targeted Early Help and Children's Social Care	138
Assistant Director – Education, SEND, and Inclusion	111
Adults and Communities	
Director of Adults and Communities	156
Assistant Director – Access, Integration, and Prevention	111
Assistant Director – Operational Commissioning	111
Assistant Director - Strategic Commissioning	107
Environment and Transportation	
Director of Environment and Transportation	156
Assistant Director	138
Assistant Director - Highways and Transport Operations	111
Assistant Director	111
Eastern Shires Purchasing Organisation (ESPO)	
Director of ESPO	156
Assistant Director - Procurement & Compliance	111

Assistant Director - Operations	111
Assistant Director – Business Development & Growth	102

Appendix B - Pay and Grading Structure

Leicestershire County Council Grade Structure

April 2025 - March 2026

Grade	Pay Point	From 1 April 2025	
		Salary	Hourly Rate
2	1	£24,423	£12.65
	2	£24,423	£12.65
3	3	£24,423	£12.65
	4	£24,582	£12.73
4	5	£24,804	£12.85
	6	£24,999	£12.95
5	7	£25,191	£13.05
	8	£25,590	£13.25
6	9	£25,995	£13.46
	10	£26,409	£13.68
7	11	£26,832	£13.90
	12	£27,261	£14.12
	13	£27,702	£14.35
	14	£28,146	£14.58
8	15	£28,605	£14.82
	16	£29,547	£15.30
	17	£30,030	£15.55
	18	£31,029	£16.07
9	19	£32,070	£16.61
	20	£32,601	£16.89
	21	£33,708	£17.46
	22	£34,359	£17.80
10	23	£35,451	£18.36
	24	£36,612	£18.96
	25	£37,836	£19.60
	26	£39,165	£20.29
11	27	£39,939	£20.69
	28	£40,791	£21.13
	29	£41,706	£21.60

	30	£42,699	£22.12
12	31	£43,860	£22.72
	32	£45,084	£23.35
	33	£46,401	£24.03
	34	£47,829	£24.77
13	35	£49,221	£25.49
	36	£50,670	£26.25
	37	£52,194	£27.03
	38	£53,826	£27.88
14	39	£55,443	£28.72
	40	£57,213	£29.63
	41	£59,088	£30.61
	42	£61,116	£31.66
15	43	£63,027	£32.65
	44	£65,043	£33.69
	45	£67,146	£34.78
	46	£69,342	£35.92
16	47	£72,024	£37.31
	48	£74,874	£38.78
	49	£77,922	£40.36
	50	£81,300	£42.11
17	51	£84,810	£43.93
	52	£88,488	£45.83
	53	£92,352	£47.84
	54	£96,405	£49.93
18	55	£98,673	£51.11
	56	£102,810	£53.25
	57	£107,106	£55.48
	58	£111,606	£57.81
19	59	£122,883	£63.65
	60	£125,973	£65.25
	61	£131,808	£68.27
	62	£138,090	£71.53
20	63	£142,404	£73.76
	64	£146,928	£76.10
	65	£151,713	£78.58
	66	£156,855	£81.25

21	67	£154,227	£79.88
	68	£161,223	£83.51
	69	£168,540	£87.30
	70	£176,202	£91.27
22	71	£205,686	£106.54
	72	£212,913	£110.28
	73	£220,500	£114.21
	74	£234,171	£121.29

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

A. CHANGES TO THE CONTRACT PROCEDURE RULES

Introduction

1. The purpose of this report is to recommend approval of changes to the Contract Procedure Rules.

Background

2. Article 15 of the County Council's Constitution gives the Chief Executive a duty to monitor and review the operation of the Constitution to ensure the aims and principles of the Constitution are given full effect.
3. Rule 8 (Annual Reporting) of the Constitution's Contract Procedure Rules stipulates that the Director of Corporate Resources, in consultation with the Director of Law and Governance, shall submit a report to the Corporate Governance Committee to set out any proposed revisions to the Rules and/or changes required to accommodate the requirements of UK and EU procurement law as may be necessary from time to time.
4. The Constitution requires that changes to these Rules must be approved by the Council after consideration of recommendations of the Corporate Governance Committee.

Consultation

5. Notable changes to the Contract Procedure Rules – Procurement Act 2023 include:
 - a. Financial thresholds for procurement processes have been updated to reflect inflation and regulatory changes. The amended version clarifies VAT inclusion and the requirement for notices at specific value points.
 - b. Introduced at 5.14 the requirement for contracts that are intended to be longer than 5 years must have prior approval from the Director of Corporate Resources or Deputy S151 Officer.
 - c. Inclusion of the term and meaning of Corporate Procurement Board into the glossary.
 - d. Clarification included that capitalised terms have specific meaning and the glossary of definitions should be referred to for meaning.
 - e. Inclusion of signposting to toolkit guidance to be used alongside these rules.

- f. Clarification included at 9.4.3 to the preliminary market engagement notice requirements.
- g. Change to 21.5 to exclude Procurement Board for Direct Awards for switching in relation to light touch contracts.
- h. Inclusion at 21.7 for approach to below threshold for Direct Awards.
- i. Clarification included at 38.3 “The Council encourages the inclusion of KPIs in light touch contracts where appropriate, to support effective contract management and service delivery. However, there is no statutory requirement under the Procurement Act 2023 for these KPIs to be published.”

Resource Implications

- 6. There are no resource implications arising from this report.

Equality Implications

- 7. The Rules will ensure that all potential suppliers and suppliers receive equal treatment when bidding for contracts.

Human Rights Implications

- 8. The Rules will ensure that all procurements consider human right implications before commencing. There are no human rights implications associated with this report.

Consideration by the Corporate Governance Committee

- 9. The Corporate Governance Committee at its meeting on 23 January 2026 considered the changes to the Contract Procedure Rules. The decision of the Corporate Governance Committee is reflected in the motion below.

(Motion to be moved: -

That the revised Contract Procedure Rules, as set out in the Appendix to this report, be approved.)

23 January 2026

**Mr S Bray CC
Chairman of the Corporate
Governance Committee**

Background Papers

The Constitution of Leicestershire County Council

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=1187&MId=7661&Ver=4&Info=1>

Report to the Corporate Governance Committee on 23 January 2026

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=8460&Ver=4>

Appendix

New Contract Procedure Rules – The Procurement Act 2023

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Part 4G

Contract Procedure Rules – The Procurement Act 2023

These Rules apply to procurements commenced on or after 24/2/2025 under the Procurement Act. Appended to these Rules are the Contract Procedure Rules for procurements undertaken under the Public Contract Regulations 2015.

Further guidance for staff on the application of these rules can be found in the [Councils Procurement Toolkit](#).

Dated 7th January 2026 v2

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GLOSSARY

In these Contract Procedure Rules, the following terms shall have the meanings set out below.

Term	Meaning
Appropriate Chief Officer	means the Chief Officer responsible for the function to which the Contract relates except that, where another Chief Officer is responsible for the letting of the Contract, it shall mean that Chief Officer in consultation with the Chief Officer on whose behalf the Contract is to be let. Refer to the following for the list of Chief Officers: https://www.leicestershire.gov.uk/about-the-council/how-the-council-works/leader-and-cabinet/chief-officers-of-the-council In the case of ESPO the Chief Officer is Director of ESPO.
Associated Person	means a person that the supplier is relying on to satisfy the conditions of participation, but not a person who is to act as guarantor (see section 22(8) and 22(9) of the Act).
Below Threshold Contract (Regulated)	means a Contract for the supply, for pecuniary interest, of goods, services or works to the Council; a Framework; or a Concession Contract, that has an Estimated Value of less than the Relevant Procurement Threshold for the type of contract. A notifiable below-threshold contract is a regulated below threshold contract if its awarded value is £30,000 including VAT (£25,000 excluding VAT) or more. A “regulated below-threshold contract” (s.84 Procurement Act) does not apply to: a) An Exempted contract. b) A Concession Contract; or c) A Utilities Contract
Below Threshold Contract Details Notice (Regulated)	means the notice that must be published as soon as reasonably practicable after entering a Regulated Below Threshold Contract. This is in accordance with Section 87 of the Procurement Act.
Below Threshold Tender Notice (Regulated)	means the notice that must be published if advertising for the purpose of inviting Tenders for Regulated Below Threshold Contracts. This in accordance with Section 87 of the Procurement Act.
Best Value	means the duty which Part 1 of the Local Government Act 1999 places on local authorities to secure continuous improvement in the way functions are exercised, considering a combination of economy, efficiency, and effectiveness.

Part 4G Contract Procedure Rules

Term	Meaning
Cabinet	means the Council's Executive with functions set out in Article 7 and Part 4D of the Constitution.
Call Off Contract	means Contracts that are awarded under a Framework.
Central Digital Platform	means the system whereby notices, documents and other information required to be published under the Procurement Act is to be made available
Chief Finance Officer	means the officer appointed pursuant to Section 151 of the Local Government Act 1972. The functions of the Chief Finance Officer are set out in Article 12 of Part 2 of the Council's Constitution. The Director of Corporate Resources.
Commercial Specialist	means an Officer authorised by the Director of Corporate Resources to manage the procurement of a category or categories of goods, services and/or works. If there is no Commercial Specialist for the goods, services and/or works being procured, the Senior Commercial Specialists or Head of Procurement and Supply Chain Management will adopt this role. In the case of ESPO this means Procurement Officers.
Commissioning Support Unit ("CSU")	means a unit responsible for supporting departments providing the Council with the development of commissioning strategies, service re-design, professional support in relation to the Council's procurement and supplier and contract management functions. In the case of ESPO this is the Commercial and Procurement Division.
Competitive Flexible Procedure	means any other competitive tendering procedure, not including the Open Procedure, that the Council considers appropriate for the purpose of awarding a public Contract. The competitive flexible procedure allows the Council the freedom to design its own procedure as set out in Section 20 of the Procurement Act.
Competitive Tendering Procedure	means either the Open Procedure or the Competitive Flexible Procedure as defined in the Procurement Act.
Concession Contract	means a contract for the supply, for pecuniary interest, of works or services to the Council, where (i) at least part of the consideration for that supply is a right for the supplier to exploit the works or services; and (ii) under the contract the supplier is exposed to real operating risk as defined in Section 8 of the Procurement Act
Conditions of Participation	means the conditions of participation that the Council may set in relation to the award of a Public Contract in accordance with Section 19 of the Procurement Act as described in Rule 15.

Part 4G Contract Procedure Rules

Term	Meaning
Constitution	means the document which the Council is required to keep pursuant to Section 9P of the Local Government Act 2000 which contains a copy of the Council's standing orders, its code of conduct, details of how the Council operates; how it reaches decisions as well as the procedures that officers are required to follow. The Constitution is a statutory document
Contract	means any contract between two or more parties for the execution of works or the supply of goods and/or services and "contracts" shall be interpreted accordingly.
Contract Award Notice	means a notice that must be published in accordance with Section 50 of the Procurement Act.
Contract Change Notice	means a notice that must be published before a Contract is modified in accordance with Section 75 of the Procurement Act.
Contract Details Notices	means a notice published confirming that a Contract has been entered into in accordance with Section 53 of the Procurement Act.
Contract Extension	means an extension to the duration of the Contract as described in Rule 45.
Contract Extension Form	means a form that must be completed, approved, and retained in accordance with Rule 45 before an extension can be completed. In the case of ESPO this is the Procurement Control Record.
Contract Manager	means an Officer responsible for the administration and management of the Contract.
Contract Modification	means a modification to a Contract or Public Contract in accordance with Rule 48.
Contract Modification Form	means the form that must be completed, approved, and retained in accordance with Rule 48 before a modification can be done. In the case of ESPO this is the Contract Change Control Form.
Contract Termination Notice	means a notice that must be published to notify that a contract has been cancelled, terminated or expired in accordance with Section 80 of the Procurement Act
Contracts Register	means a register of (current) Contracts, on the Councils electronic tendering system.
Covered Procurement	means the award, entry into and management of a Contract which is entered into by the Council with a value above the relevant Procurement Threshold and that is not an Exempted Contract under the Procurement Act
Convertible Contract	means a Contract that, because of the value of a modification, will take the value of the Contract over the relevant

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Term	Meaning
	Procurement Threshold, such that the contract will become a public contract.
Corporate Contract	means any Contract, Framework or other arrangement approved for use in sourcing a particular requirement approved for use as a Contract for use across the whole Council by CSU.
Corporate Governance Committee	means the Committee with the delegated function (as set out in Part Section 3 B of the Council's Constitution) of the promotion and maintenance of high standards in relation to the operation of the Council's Local Code of Governance.
Corporate Procurement Board	means a governance body established to oversee and approve significant procurement activity. In the case of ESPO this is the contracts panel.
Council	means Leicestershire County Council including ESPO.
Direct Award	means when a public contract is awarded without a competitive tendering procedure and the public contract is placed directly with the supplier of the Councils choosing.
Direct Employee	a person who works as an employee of the Council and is paid a salary by it, rather than being employed through an agency or other third party.
Director of Corporate Resources	means the Council's Chief Finance Officer who is responsible for the Council's Corporate Resources function, as amended sometimes.
Director of Law and Governance	means the Council's Officer who is responsible for the Council's Legal and Governance function, as amended sometimes.
Dynamic Markets	means a list of qualified suppliers who have met the conditions of membership of the dynamic market and who are eligible to participate in future procurements.
Electronic Tendering System	means an electronic tendering system approved in accordance with Rule 54.
ESPO	means Eastern Shires Purchasing Organisation.
Estimated Value	means the value as estimated under Rule 10.
E-Tender	means a Tender that has been submitted using an Electronic Tendering System.
Exception	means an exception where in limited circumstances the departure from the rules may be considered as detailed in Rule 57.
Exception Form	means the form to be submitted where an Exception is requested in accordance with Rule 57.

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Term	Meaning
Excluded Supplier	means if any exclusion ground applies to either the supplier or an associated person (see the references to 'associated person' in section 57 of the Procurement Act) and if the circumstances giving rise to the ground are continuing or likely to occur again.
Executive	See definition of Cabinet above.
Exemption/Exemption Contract	means the requirement may be exempt from the regulations set out in the Procurement Act as detailed in Rule 4.
Exemption Form	means the form to be submitted where an Exemption is requested in accordance with Rule 4.
Financial Procedure Rules	means the Councils Financial Procedure Rules as set out in Part 4F of the Constitution.
Framework	means a contract between the Council and one or more suppliers that provides for the future award of Contracts by the Council or other contracting authorities to the supplier or suppliers as defined in Chapter 4 of the Procurement Act.
Invitation to Tender (ITT)	means the document(s) containing information about the Competitive Tendering Procedure (along with other appropriate information) as issued to the Tenderers to invite the submission of Tenders.
Irregular Tender	means a tender which the Council may be entitled to reject (including for reasons set out in Section 19 of the Procurement Act) or the Council's own rules or policies. Grounds for exclusion may include inter alia: - (a) If a tenderer does not comply with the requirements of the procurement documents; or (b) If a tender is received late; or (c) If there is evidence of collusion or corruption.
Key Decision	means a decision as defined in Rule 8 of the Executive Procedure Rules (Part 4D) of this Constitution. Without limitation, key decisions include such matters as reports in connection with the annual revenue budget or capital programme; reports about actions having significant effects on local communities or reports dealing with significant reductions in services. In the case of ESPO only if a decision does not fall within Appendix 4 to Schedule 1: Functions of, and Delegations to the Director of ESPO. The decision can be escalated to the Director of ESPO, the Chief Officers Group or Management Committee.
Light Touch Contract	means a contract for certain social, health, education and other public services and are subject to more flexible procurement rules. Light Touch Contracts are services provided directly to

Part 4G Contract Procedure Rules

Term	Meaning
	individuals or groups of people. Light Touch Contract is defined in Section 9 of the Act. Schedule 1 to the Act specifies which services fall under a Light Touch Contract.
National Procurement Policy Statement	means the statutory statement set by the Cabinet Office of the Government to communicate the wider policy objectives to which it expects public procurement to contribute as may be amended.
Novation	means the method by which the parties to an existing contract 'transfer' the rights and obligations of that contract to a third party.
Officer	means an employee of the Council.
Open Framework	means a scheme of Frameworks that provides for the award of successive Frameworks on substantially the same terms as defined in Section 49 of the Procurement Act.
Open Procedure	means a single stage Competitive Tendering Procedure as provided for under Section 20 of the Procurement Act.
Person	means legal persons (<i>which, without limitation, includes corporate bodies corporations sole</i>) and natural persons (<i>which, without limitation, includes individuals, sole proprietors, partnerships, and unincorporated associations</i>).
Pipeline Notice	means a notice that lists the Councils planned public procurements which must be published in accordance with Section 93 of the Procurement Act.
Planned Procurement Notice	means a notice that may be published to inform the market that the Council intends to publish a Tender Notice in accordance with Section 15 of the Procurement Act.
Post Tender Negotiations	means discussions that may occur after the submission of a tender proposal and before the awarding of a contract as detailed in Rule 30.
Preliminary Market Engagement Notice	means a notice published to inform the market that a pre-market engagement exercise will be undertaken in accordance with Section 17 of the Procurement Act.
Procurement Act (the Act)	means the Procurement Act 2023 which comes into force on the 24 February 2025.
Procurement Initiation Document (PID)	means a form which is completed and submitted by departments/service areas with the purpose of seeking approval to start a procurement process. In the case of ESPO this is the Procurement Control Record or the Internal Procurement Request Form, as applicable.
Procurement Termination Notice	means a notice to be published after publication of a Tender

Part 4G Contract Procedure Rules

Term	Meaning
	Notice or Transparency Notice where the Council has decided not to award or continue with the contract and to terminate the procurement.
Procurement Threshold	means the respective procurement thresholds that apply from 1 January annually for Services, Goods, Works, Light-Touch, Concession and Utilities Contracts referred to in the Schedule 1 to the Procurement Act as may be amended from time to time, usually every two years. Threshold values as of January 1st, 2026, including VAT Goods & Services = £207,720 (£173,100 excluding VAT) Works = £5,193,000 (£4,327,000 excluding VAT) Light Touch = £663,540 (£552.950 excluding VAT)
Procuring Officer	means any Officer, acting under the delegated powers of the Appropriate Chief Officer, who is responsible for the procurement of works, goods, and/or services.
Provider Selection Regime	means the Health Care Services (Provider Selection Regime) Regulations 2023 set for procuring Health Care Services as may be amended from time to time.
Public Contract	means a: a) Contract for the supply, for pecuniary interest, of goods services or works to the Council. b) Framework. c) Concession Contract. which has an Estimated Value of no less than the applicable Procurement Threshold and is not an Exempted Contract
Quotation	means an offer to sell works, goods and/or services at a stated price under specified conditions. A Quotation may or may not be written. Request for Quotation is used for below threshold procurements and not above threshold tenders.
Regulations	means the Procurement Regulations 2024 as may be amended from time to time. References to "Regulation" followed by a number in these Rules should be interpreted accordingly.
Relevant Procurement Threshold(s)	means the applicable financial thresholds which are referred to in Section 3 and set out Schedule 1 of the Procurement Act and which amounts may from time to time be increased or revised
Request for Quotation (RFQ)	means a document or documents containing the specification, and proposed terms and conditions issued to potential suppliers to solicit written Quotations for below threshold

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Term	Meaning
	procurements.
Rules	means these Contract Procedure Rules, as may be amended from time to time.
Sensitive Commercial Information	means (a) constitutes a trade secret, or (b) would be likely to prejudice the commercial interests of any person if it were published or otherwise disclosed.
Social Value	means how what is proposed to be procured might improve the economic, social, and environmental well-being of the people and areas of the non-metropolitan parts of Leicestershire. This definition shall be construed in keeping with the requirements of Section 1 of the Public Services (Social Value) Act 2012.
Standard Terms and Conditions	means standard contractual terms used by the Council, including those attached to procurement orders or orders generated by 'line of business' systems, those included in Request for Quotation templates, and standard industry terms.
Standing List	means a list of approved contractors or suppliers qualified for invitation to tender for works or services the rules for which are further described in Rule 47.
Standstill	means a period of eight working days between the Council announcing its intention to enter into a contract (by publishing the contract award notice) and actually entering into that contract; the Council cannot enter into the contract during the standstill period as detailed in Section 51 of the Procurement Act
Strategic Plan	means the strategy document that explains how the Council will improve the quality of life for the people of Leicestershire and make Leicestershire the best possible place to live and work for everyone.
Supplier	means a person or organisation that provides something needed such as a product or service to the Council, this includes contractors and consultants. Suppliers may at times be referred to suppliers contracted to LCC and 'potential suppliers' - i.e. bidders and the wider supply market.
Supplier Code of Conduct	means the Council's Supplier Code of Conduct which sets out principles to help suppliers understand the standards and behaviours expected when working with the Council. A copy of which can be found at – https://www.leicestershire.gov.uk/sites/default/files/field/pdf/2018/11/27/supplier-code-of-conduct.pdf
Supplier Relationship Manager	means an officer of the Council whose role is to support the management of complex relationships with external suppliers

Part 4G Contract Procedure Rules

Term	Meaning
	and vendors. In the case of ESPO this is the relevant Procuring Officer.
Technical Guidance	means the Technical Guidance intended to help with interpretation and understanding of the Procurement Act, published by the Government Commercial Function. Further details can be found at – https://www.gov.uk/government/collections/procurement-act-2023-guidance-documents
Tender	means a formal offer from a Tenderer as a response to an Invitation to Tender. It shall include all documents comprising the submission including pricing, technical specification and method statements and information about the Tenderer. A written Quotation is also a Tender. The term “Tender” also includes an E-Tender except where the context implies otherwise.
Tender Notice	means a notice published in accordance with Section 21 of the Procurement Act to advertise and commence a Competitive Tendering Procedure, this includes both Open and Competitive Flexible procedures.
Tenderer(s)	means the Person or Persons invited to participate in a procurement process.
Transitional Regulations	means the rules that determine how procurements awarded under the previous legislation continue to be managed alongside the introduction of the Procurement Act. The Procurement Act 2023 (Commencement No. 3 and Transitional and Saving Provisions) Regulations 2024)
Transparency Notice	means a notice published to alert the market that the Council intends to make an award without competition in accordance with Section 44 of the Procurement Act before directly awarding a Contract under Section 41 or Section 43
Utilities Contracts	means a Contract for the supply of goods, services, or works wholly or mainly for the purpose of utility activity.

Part 4 G - Contract Procedure Rules

Please note that capitalised terms have specific meanings (as per the definitions section) and should be referred to for full understanding.
 Guidance supporting this document can be found
<https://leics.sharepoint.com/sites/procurementandcontracts>

INTRODUCTION

RULE 1. *Compliance*

- 1.1 These Rules apply where the Council proposes to procure goods, services, or works. Failure to follow these Rules may result in disciplinary action.
- 1.2 Where a procurement under these rules relates to a Key Decision, such a procurement must be taken to the Executive for approval.
- 1.3 All Officers seeking to procure goods, services or works on behalf of the Council will need to familiarise themselves with and comply with these Rules and any other policies/guidance, legislation (including but not limited to the Procurement Act) and the National Procurement Policy Statement (NPPS).
- 1.4 Each Officer is responsible for ensuring they are familiar with and act in accordance with these Rules.
- 1.5 If there is any doubt as to the application of these Rules, advice should be sought as appropriate.

RULE 2. *Delegation*

- 2.1 Appropriate Chief Officers may delegate responsibilities under these Rules in accordance with Rule 6 of Section D (General scheme of delegation to Heads of Departments) of Part 3 (Responsibility for Functions) of the Constitution.

RULE 3. *Application*

- 3.1 These Rules apply to situations where the Council commences a procurement for the provision of works, goods, or services on or after 24 February 2025 under the Procurement Act. The procurements that were procured prior to the implementation of the Procurement Act will continue to be managed under the PCR 2015 Contract Procedure Rules. Contract Procedure Rules that will apply to such procurements are appended to these Rules.
- 3.2 Throughout these Rules, references are made to the Procurement Act 2023 (the Act) which will apply to Covered Procurements that commence after the entry into force of the Procurement Act on 24 February 2025. Procurements commenced under previous legislation (the Public Contracts Regulations 2015, Concession Contracts Regulations 2016, and Utilities Contracts Regulations 2016) must continue to be procured and managed under the applicable legislation or as required under the Transitional Regulations. Officers should seek advice from the Commissioning Support Unit (as appropriate) as to the applicable procurement regime and applicable contract procedure rules that governs a particular public contract.

Part 4G Contract Procedure Rules**RULE 4. *Exempted Contracts***

- 4.1 When entering an Exempt Contract, the Council is not subject to the rules governing Covered Procurements and as such the Council is broadly free to conduct a procurement as it considers most appropriate. However, even in the case of Exempt Contracts, the Council is legally required to comply with National Public Policy Statements and the Council expects Officers to deal with Exempt Contracts on that basis.
- 4.2 Exempted Contracts (as defined in Part 2 of Schedule 2 to the Procurement Act) include (but are not limited to) the following arrangements:
- a) Contracts solely for the acquisition or disposal of any interest in land.
 - b) Contracts for the lending or borrowing of money.
 - c) Contracts of employment (making an individual a Direct Employee of the Council).
 - d) Contracts for financial services in connection with the issue, sale, purchase or transfer of securities or other financial instruments within the meaning of the Financial Services and Market Act 2000 (Markets in Financial Instruments) Regulation 2017 – UK Statutory Instruments 2017 No. 701.
 - e) A contract for the provision of exempt legal services to the Council. Not all legal services are exempt, only those legal services that are related to judicial or other dispute resolution proceedings, notary services and legal services that must be carried out by a particular person under an order of court or tribunal enactment are exempt under the Procurement Act;
 - f) Horizontal and vertical agreements between contracting authorities. Horizontal – cooperative agreements between different public authorities to achieve common goals (referred to as Hamburg contracts). Vertical – contracts between the Council and an entity it controls, essentially allowing for in house procurement (referred to as Teckal contracts).
 - g) Contracts for the acquisition, development, production or co-production of material intended for broadcast or contracts for the broadcast to the general public of material supplied by the supplier; this includes contracts for creating, acquiring, producing television programs, radio shows, film or other content intended for broadcasting.
 - h) Contracts for facilitating the provision of electronic communications to the general public or Contracts to provide, maintain or use a public electronic communication network.
 - i) Contracts for the provision of arbitration, mediation or conciliation services.
 - j) Contracts for the provision by an organization not run for profit in respect of emergency services.
 - k) Contracts for public passenger transport concession services that are to be awarded in accordance with the public service obligations regulations as defined in section 136(11) of the Railways Act 1993.
 - l) Contracts for research and development services that (i) are intended to be for or result in a benefit to the public; and (ii) the Contract does not provide for the provision of goods or works.
 - m) Contracts awarded under procedures set out in international agreements.
 - n) Contracts that the Council considers, in the interest of national security, should not be subject to this Act or a part of this Act.

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- o) Contracts for carrying out, facilitating or supporting intelligence services.
 - p) Certain types of Defence and Security Contracts, Utilities Contracts (for the purchase of water, fuel for energy production, energy and resale of lease goods or services by utility companies except by central purchasing authorities) and Concession Contracts.
 - q) Contracts for the supply of goods, services or works to the Common Council of the City of London other than for the purposes of its functions as a local authority, police authority or port health authority.
- 4.3 The sale of Council assets is not part of these Rules. Officers should refer to the Financial Procedural Rules. The sale of an asset, which is part of a contract, should be transacted separately i.e. LCC invoice for the sale value agreed.
- 4.4 All contracts that are deemed as Exempt Contracts under a), e), f) and l) need to be approved by the completion of an Exemption Form by an Appropriate Chief Officer in consultation with a Commercial Specialist.

PROCUREMENT PRINCIPLES**RULE 5. General Requirements**

- 5.1 Every Contract, Public Contract or official order for works, goods or services made by the Council shall be for the purpose of implementing the Council's policies and must be made in accordance with the Council's duty of Best Value and in line with the Finance Procedure Rules and the Council's Strategic Plan.

Social Value

- 5.2 Where the Council proposes to enter into any Contract with an Estimated Value equal to or greater than £50,000 excluding VAT, it shall before commencing the procurement, consider the Social Value (if any) of the proposed procurement. Social Value will be addressed and managed by contract management of the relevant contract. The Council will seek to ensure that Social Value is enshrined in such a Contract in at least one of the following two ways: -
- a) As award criteria linked to the Council's Social Value Policy Statement and the Council's Strategic Plan.
 - b) As Outcomes built into the specification or Contract.
- 5.3 Where Social Value has not been considered within either the award criteria or specification, the reason shall be recorded and forwarded for approval to the relevant Commercial Specialist.

Provider Selection Regime

- 5.4 Where the Provider Selection Regime applies, Social Value will need to be considered regardless of the Estimated Value of the Contract.

Use of Corporate Contracts

- 5.5 The Procuring Officer must ensure that whenever Corporate Contracts have been approved and deemed suitable by a Commercial Specialist that goods, services are ordered via that Corporate Contract by raising a purchase order.
- 5.6 The Procuring Officer may not procure outside of the Corporate Contract unless it is agreed by the Commercial Specialist that better value for money can be clearly demonstrated outside of

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these approved Corporate Contracts.

- 5.7 Where the Estimated Value of a Contract (or Public Contract) to be awarded under a Corporate Contract exceeds £30,000 including VAT (£25,000 excluding VAT), the Procuring Officer must approve the award with a Commercial Specialist before completing the award. The Procuring Officer must consider what risks the contract presents ahead of any procurement process, considerations must include those relating to Health and Safety, Business Continuity, compliance with the Modern Slavery Act 2015 and Information Security.

Applicable Laws

- 5.8 Procedures set out in the relevant Acts of Parliament and UK legislation (including for the avoidance of doubt (but not limited to) the Procurement Act and the Provider Selection Regime must be complied with.

Budgets

- 5.9 The Procuring Officer must ensure that sufficient budget provision has been agreed with the budget holder prior to any procurement process being undertaken.

Procurement Act

- 5.10 The Council must not carry out a Covered Procurement except in accordance with the Procurement Act. As such, a public contract may not be entered into unless it is awarded in accordance with the Procurement Act.
- 5.11 In conducting a Covered Procurement, the Council must have regard to the importance of:
- a) Delivering value for money.
 - b) Maximising public benefit.
 - c) Sharing information for the purpose of allowing suppliers and others to understand the Council's procurement policies and decisions.
 - d) Acting, and being seen to act, with integrity.
- 5.12 In carrying out Covered Procurements as per section 12 of the Act, the following must apply:
- a) The Council must treat suppliers the same unless a difference between the suppliers justifies different treatment.
 - b) If the Council considers that different treatment is justified in a particular case, it must take all reasonable steps to ensure it does not put a supplier at an unfair advantage or disadvantage.

Supplier Code of Conduct

- 5.13 The Council's Supplier Code of Conduct must apply to all procurement process and be incorporated in all supplier Contracts.

Term of Contract

- 5.14 Subject to the provisions of Rule 19.3 Contracts shall not be longer than 5 years (including extensions) in duration or of indeterminate length without the prior written approval of the Director of Corporate Resources or Deputy Section 151 Officer, such approval to be obtained prior to the commencement of the Procurement Exercise.

Part 4G Contract Procedure Rules**RULE 6. Financial Thresholds and Delegation**

- 6.1 Financial limits and thresholds within these Rules may be varied by the Corporate Governance Committee.
- 6.2 Arrangements for the delegation of functions to Officers within these Rules may be varied by the Chief Executive.
- 6.3 Financial thresholds and delegations are set out in the Finance Procedure Rules and the [Procure to Pay Policy](#).

PRELIMINARY PROCUREMENT STEPS – PLANNING STAGE**RULE 7. Pipeline Notices**

- 7.1 Pipeline Notices must be published within 56 days of the 1st April (by the 26th of May) in accordance with Section 93 of the Procurement Act.
- 7.2 An individual notice on the Central Digital platform, setting out specified information about any proposed public contract with a value of more than £2,000,000 including VAT must be made.
- 7.3 The pipeline notice should include individual details relating to each relevant upcoming procurement likely to occur within the 18-month period it covers.

RULE 8. Planned Procurement Notices

- 8.1 The Council may consider whether to publish a Planned Procurement Notice to provide suppliers with advance notice of an upcoming Competitive Tendering Procedure.
- 8.2 A Planned Procurement Notice is intended to give as much advance information to the market as possible to allow interested suppliers to appropriately plan for future opportunities.

RULE 9. Preliminary Market Engagement

- 9.1 Before commencing a Competitive Tendering Procedure, the Council may engage with suppliers and other persons for the purposes of:
 - 9.1.1 developing the Council's requirements and approach to the procurement.
 - 9.1.2 designing a procedure, conditions of participation or award criteria.
 - 9.1.3 preparing the tender notice and associated tender documents.
 - 9.1.4 identifying suppliers that may be able to supply the goods, services or works required.
 - 9.1.5 identifying likely contractual terms.
 - 9.1.6 building capacity among suppliers in relation to the contract being awarded.

Such engagement will be considered "Preliminary Market Engagement." When conducting Preliminary Market Engagement the Commissioning Support Unit must be consulted.

- 9.2 When carrying out Preliminary Market Engagement the Council must take steps to ensure that:
 - a) suppliers participating in the Preliminary Market Engagement are not put at an unfair advantage; and

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- b) competition in relation to the award of the public contract is not otherwise distorted.

9.3 If the Council considers that:

- a) a supplier's participation in Preliminary Market Engagement has put the supplier at an unfair advantage in relation to the award of a public contract; and
- b) the advantage cannot be avoided.

that supplier must be treated as an Excluded Supplier for the purposes of (i) assessing tenders under section 19 of the Procurement Act; or (ii) awarding a contract under Section 41 or 43 of the Procurement Act and excluded from participating in, or progressing as part of, any Competitive Tendering Procedure.

Preliminary Market Engagement Notice

9.4 In carrying out Preliminary Market Engagement the Council must either:

- 9.4.1 publish a Preliminary Market Engagement notice before publishing a Tender Notice; or
- 9.4.2 provide reasons for not publishing a Preliminary Market Engagement notice in the Tender Notice.
- 9.4.3 preliminary market engagement could include (but not limited to) requests for information, supplier questionnaires and surveys, to understand their capabilities and any potential barriers to procurement; and meet-the-buyer events etc.

PRELIMINARY PROCUREMENT CONSIDERATIONS/PLANNING STAGE**RULE 10. *Calculating the Estimated Value of Contracts***

- 10.1 Before any procurement process is begun the Procuring Officer must calculate the Estimated Value of a Contract in accordance with Section 4 and Schedule 3 of the Procurement Act. Determining an Estimated Value for a contract enables the Council to determine whether the proposed procurement will be above or below the relevant threshold and in turn determine which procedures should be followed.
- 10.2 The Estimated Value for the Procurement must not be artificially subdivided to circumvent the application of these Rules or the Procurement Act.
- 10.3 The Estimated Value of Contracts must be calculated in accordance with paragraph 1 of Schedule 3 to the Procurement Act.
- 10.4 Rules 10.5–10.7 (below) covers Contracts for goods, services, works and Utilities Contracts.
- 10.5 The Estimated Value shall be calculated as the maximum amount the Council could expect to pay under the Contract, including where applicable, amounts already paid. The Estimated Value shall be inclusive of VAT.
- 10.6 The estimated amount the Council could expect to pay includes (but is not limited to) the following:
 - 10.6.1 the value of any goods, services or works provided by the Council under the Contract other than for payment; for example, if the Council is giving something to the contractor as part of the agreement (materials, equipment, staff time etc), this needs to be factored into the estimated contract value.
 - 10.6.2 amounts that would be payable if all options in the Contract to supply additional goods, services or works were exercised.

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- 10.6.3 amounts that would be payable if all options in the Contract to extend or renew the term of the Contract were exercised.
- 10.6.4 amounts representing premiums, fees, commissions, inflationary uplifts, gain shares or interest that could be payable under the Contract; and
- 10.6.5 amounts representing prizes or payments that could be payable to participants in the procurement.
- 10.6.6 periodic purchases for the same requirement, whether that is from the same or different suppliers, must be aggregated over a minimum of a 12-month period. Requirement to aggregate contracts that could reasonably be supplied together and not split to avoid thresholds.....
- 10.7 In calculating the Estimated Value, the Council must consider all the facts material to the estimate and available to the Council at the time it makes the estimate.

Estimating for Framework Contracts

- 10.8 The Council must estimate the value of a Framework as the sum of the Estimated Values of all the Contracts that are or may be awarded in accordance with the Framework during its entire term.
- 10.9 For open frameworks the Council must estimate the total value as the combined value of all individual frameworks awarded under the scheme, including future anticipated re openings of the framework.

Estimating for Concession Contracts

- 10.10 The Estimated Value of Concession Contracts is to be calculated in accordance with paragraph 3 of Schedule 3 to the Procurement Act.
- 10.11 The Council must calculate the Estimated Value of a Concession Contract as the maximum amount the supplier could expect to receive under or in connection with the Contract including, where applicable, amounts already received.
- 10.12 The amount a supplier could expect to receive includes (but is not limited to) the following:
 - a) amounts representing revenue (whether monetary or non-monetary) receivable pursuant to the exploitation of the works or services to which the contract relates (whether from the Council or otherwise).
 - b) the value of any goods, services or works provided by the council under the contract other than for payment amounts that would be receivable if an option in the contract to supply additional services or works were exercised.
 - c) amounts that would be receivable if an option in the contract to extend or renew the term of the contract were exercised.
 - d) amounts representing premiums, fees, commissions, or interest that could be receivable under the contract.
 - e) amounts received on the sale of assets held by the supplier under the contract.

Estimating for Mixed Procurement Contracts

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- 10.13 Where a Contract comprises of a mixture of services, works or goods, consideration will need to be given to Section 5 of the Procurement Act as to the classification of that Contract and advice sought from the CSU as appropriate.

Estimating for Mixed Category Contracts

- 10.14 Where a Contract involves different categories or types of Contracts, e.g., Concession Contracts, Light Touch Contracts etc. the classification of that Contract will need to be considered in accordance with Section 10 of the Procurement Act and advice sought from the CSU as appropriate.

Anti-avoidance of estimating

- 10.15 The Council must calculate the Estimated Value of each of the Contracts in accordance with paragraph 4 of Schedule 3 to the Procurement Act as including the value of all of the Contracts unless it has a good reason for not doing so. This would apply where:

10.15.1 the Council calculates the Estimated Value of two or more Contracts; and

10.15.2 the goods, services or works to be supplied under the Contracts could reasonably be supplied under a single Contract.

Inability to calculate the Estimated Value of a Contract

- 10.16 Where it is not possible to calculate the Estimated Value of a Contract (in accordance with this Rule), e.g., where the duration of a Contract is unknown, that Contract is to be treated as exceeding the Threshold amount for that type of Contract.
- 10.17 Where the Estimated Value (calculated in accordance with this Rule) is £6,000 including VAT (£5,000 excluding VAT) or more the Procuring Officer must notify in writing, via completion of a PID, the appropriate Commercial Specialist of the Estimated Value before proceeding. A written record of that Estimated Value must then be kept on file by the Procuring Officer.

RULE 11. Procurement Approach

- 11.1 The Estimated Value of a Contract inclusive of VAT (calculated in accordance with Rule 10) will dictate the procurement approach to be followed as set out below:

Estimated Value including VAT	Route to Market	Procurement Process	Advertising Requirements	Award Requirements	Documentation
£0 - £6,000 £5,000 excluding VAT	Request for Quote	Obtain a minimum of one oral/written Quotation	None	None	Record details of the contract on the Contracts Register.
£6,001 – £29,999	Request for Quote	Complete a PID and secure approvals before commencing	None	None	Record details of the contract on the Contracts

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Estimated Value including VAT	Route to Market	Procurement Process	Advertising Requirements	Award Requirements	Documentation
£5,001 - £24,999 excluding VAT		(Not applicable to ESPO). Obtain a minimum of 3 written Quotations. If this is not possible, approval must be sought from CSU to continue.	When inviting quotations officers should consider the benefits of including a local supplier or SME in the request for quotation.		Register including a copy of the PID, Request for Quotation issued by the Procuring Officer and Quotations received.
£30,000 – Relevant Procurement Threshold £25,000 excluding VAT	Framework: Call off with or without further competitive selection process	Complete a PID and secure approvals before commencing. Invite tenders from particular or pre-selected suppliers, i.e., a Framework.	No notice required. Undertake via the Councils electronic tendering system.	Below Threshold Contract Details Notice.	Record details of the contract on the Contracts Register including a copy of the PID, call off documents issued by the Procuring Officer and Quotations received.
£30,000 – Relevant Procurement Threshold £25,000 excluding VAT	Open Market	Complete a PID and secure approvals before commencing. Advertising more widely for the award of a below-threshold contract. Seek written Quotations (to be based on a Request for Quotation document where practical)	Below Threshold Tender Notice required before publishing/advertising elsewhere.	Below Threshold Contract Details Notice	Record details of the contract on the Contracts Register including a copy of the PID, Request for Quotation issued by the Procuring Officer and Quotations received.
Contracts of any value for independent day or residential school placements for children with Special Educational Needs	Request for Quote	Complete a PID and secure approvals before commencing.	When inviting quotations officers should consider the benefits of including a local supplier in the invitation to quote where appropriate or applicable to the Contract.	Contract Details Notice	Record details of the contract on the Contracts Register including a copy of the PID, Request for Quotation issued by the Procuring Officer and Quotations received.

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Estimated Value including VAT	Route to Market	Procurement Process	Advertising Requirements	Award Requirements	Documentation
Light Touch Contract – below light touch Procurement Threshold	Request for Quote	Complete a PID and secure approvals before commencing. Obtain a minimum of 3 Quotations (to be based on the request for Quotation document where practical). If this is not possible, approval must be sought from CSU to continue.	When inviting quotations officers should consider the benefits of including a local supplier in the invitation to quote where appropriate or applicable to the Contract.	Contract Details Notice	Record details of the contract on the Contracts Register including a copy of the PID, Request for Quotation issued by the Procuring Officer and Quotations received.
Contracts or Frameworks of any value for Healthcare Services falling within the Provider Selection Regime	Direct Award Process A	Complete a PID and secure approvals before commencing. Approval must be sought from the Head of Procurement & Supply Chain Management. Procuring Officer must seek the advice of a Commercial Specialist on a suitable Process to follow under these Regulations.	None	Confirmation of Award Notice	Record details of the contract on the Contracts Register including a copy of the PID, clear records detailing the decision-making process and rationale for direct award process A, as set out in the Regulations.
Contracts or Frameworks of any value for Healthcare Services falling within the Provider Selection Regime	Direct Award Process B	Complete a PID and secure approvals before commencing. Approval must be sought from the Head of Procurement & Supply Chain Management. Procuring Officer must seek the advice of a Commercial Specialist on a suitable Process to follow under these Regulations.	None	Confirmation of Award Notice	Record details of the contract on the Contracts Register including a copy of the PID, clear records detailing the decision-making process and rationale for direct award process B, as set out in the Regulations.
Contracts or Frameworks of any value	Direct Award Process C	Complete a PID and secure approvals before commencing.	Intention to award notice.	Confirmation of Award Notice	Record details of the contract on the

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Estimated Value including VAT	Route to Market	Procurement Process	Advertising Requirements	Award Requirements	Documentation
for Healthcare Services falling within the Provider Selection Regime		Approval must be sought from the Head of Procurement & Supply Chain Management. Procuring Officer must seek the advice of a Commercial Specialist on a suitable Process to follow under these Regulations.	Complete Standstill		Contracts Register including a copy of the PID, clear records detailing the decision-making process and rationale for direct award process C, as set out in the Regulations.
Contracts or Frameworks of any value for Healthcare Services falling within the Provider Selection Regime	Most Suitable Provider Process	Complete a PID and secure approvals before commencing. Approval must be sought from the Head of Procurement & Supply Chain Management. Procuring Officer must seek the advice of a Commercial Specialist on a suitable Process to follow under these Regulations.	Intended approach notice Intention to award notice.	Confirmation of Award Notice	Record details of the contract on the Contracts Register including a copy of the PID, clear records detailing the decision-making process and rationale for most suitable provider process, as set out in the Regulations.
Contracts or Frameworks of any value for Healthcare Services falling within the Provider Selection Regime.	Competitive Process	Complete a PID and secure approvals before commencing. Approval must be sought from the Head of Procurement & Supply Chain Management. Procuring Officer must seek the advice of a Commercial Specialist on a suitable Process to follow under these Regulations.	Publication of Tender Notice to advertise Competitive Tendering Intention to award notice.	Confirmation of Award Notice	Record details of the contract on the Contracts Register including a copy of the PID, clear records detailing the decision-making process and rationale for competitive process, as set out in the Regulations.
Relevant Procurement	Framework: Call off with or without	Complete a PID and secure approvals before commencing.	None	Contract Award Notice	Record details of the contract on the

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Estimated Value including VAT	Route to Market	Procurement Process	Advertising Requirements	Award Requirements	Documentation
Threshold and above	further competitive selection process	Invite tenders from particular or pre-selected suppliers, i.e., a Framework.	Undertake via the Councils electronic tendering system.	Assessment Summary Voluntary Standstill Contract Details Notice If contract is over £5,000,000 - a copy of the Contract and the key performance indicators must be published (not required for Light Touch).	Contracts Register including a copy of the PID, all tender documents, responses, evaluation, moderation, award letters and contract.
Relevant Procurement Threshold and above	Open Market Tender	Complete a PID and secure approvals before commencing. Competitive Tendering Procedure, quotations sought via Invitation to Tender (ITT) in accordance with Procurement Act (refer to Commissioning Support Unit)	Publication of Tender Notice to advertise Competitive Tendering. Undertake via the Councils electronic tendering system.	Contract Award Notice Assessment Summary Standstill Contract Details Notice If contract is over £5,000,000 - a copy of the Contract and the key performance indicators must be published (not required for Light Touch) Direct Award Notice only (where Light Touch and user choice)	Record details of the contract on the Contracts Register including a copy of the PID, all tender documents, responses, evaluation, moderation, award letters and contract.

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Estimated Value including VAT	Route to Market	Procurement Process	Advertising Requirements	Award Requirements	Documentation
Relevant Procurement Threshold and above	Dynamic Markets	Complete a PID and secure approvals before commencing.	None Undertake via the Councils electronic tendering system.	Contract Award Notice Assessment Summary Voluntary Standstill Contract Details Notice If contract is over £5,000,000 - a copy of the Contract and the key performance indicators must be published (not required for Light Touch).	Record details of the contract on the Contracts Register including a copy of the PID, all tender documents, responses, evaluation, moderation, award letters and contract.

Additional Requirements

- 11.2 Details of oral Quotations must be confirmed in writing.
- 11.3 All procurements proposed over £6,000 including VAT (£5,000 excluding VAT) must be approved before any procurement activity, by the CSU through use of the PID.
- 11.4 All procurements regardless of value must have an approved Purchase Order in place before commencement of work.
- 11.5 The CSU shall advise the Procuring Officer on the appropriate route to market which may include the use of Frameworks or a Corporate Contract prior to the procurement process beginning.
- 11.6 When the Corporate Contract is a Framework, the Procuring Officer must comply with Rule 19 after consulting with a relevant Commercial Specialist on the suitability of the Framework intended for use.

RULE 12. Consideration of Lots

- 12.1 Before commencing a procurement process the Council must consider whether the goods, works or services could reasonably be supplied under more than one Contract to benefit Small to Medium sized Enterprises (SMEs) and reduce risk and if those Contracts could appropriately be awarded by reference to lots.
- 12.2 The Act makes provision in relation to lots at Section 18 (Duty to consider lots), Section 20 (Competitive tendering procedures) and Section 23 (Award criteria).

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- 12.3 The Procuring Officer must provide reasons within the Procurement Initiation Document (PID) for not splitting a procurement into lots for all contracts other than light touch contracts, the reasons must also be provided in the Tender Notice.

REGULATED BELOW THRESHOLD CONTRACTS**RULE 13. *Regulated Below Threshold Contract Requirements***

(over £30,000 including VAT/ £25,000 excluding VAT but below Threshold).

General

- 13.1 A Regulated Below Threshold Contract is a Contract which does not meet the relevant Procurement Threshold as defined by the Procurement Act.
- 13.2 The Council must conduct procurements for Regulated Below Threshold Contracts in accordance with Part 6 of the Procurement Act. The duties to have regard to National Procurement Policy Statements and the duty not to discriminate against a treaty supplier will also apply to Regulated Below Threshold Procurements.

Suitability Assessment

- 13.3 Where the Council invites the submission of quotations in relation to the award of a Regulated Below Threshold Contract, the Council must ensure that the assessment of the suppliers' suitability to perform the Contract doesn't restrict their ability to submit a quotation. A separate suitability stage before the submission of bids cannot be used to reduce the number of suppliers invited to bid, but this does not prevent the council from asking for this information in a bid and then assessing supplier suitability at award stage.
- 13.4 There is an exception to Rule 13.3 (above) detailed at section 85 of the Procurement Act to the rule prohibiting a separate suitability stage in relation to a below-threshold works contract if the contract:
- 13.4.1 has an estimated value of not less than £207,720 including VAT (£173,100 excluding VAT). This is the same as the thresholds for goods and services. This exception is because the works threshold is much higher, and it is appropriate that contracting authorities carrying out procurements for higher value below-threshold works contracts that are still above the goods and services thresholds, can include a separate suitability stage before the award stage, if desired or;
- 13.4.2 is awarded in accordance with a Framework.
- 13.5 Based on criteria laid down by the Executive, the Chief Finance Officer will be responsible for evaluating the financial status of Tenderers and suppliers. The Chief Finance Officer is responsible for setting the criteria for evaluating the financial status of Tenderers and Suppliers which Officers will use.

Notices

- 13.6 The Council must publish a Regulated Below Threshold Tender Notice on the Central Digital Platform if advertising for the purpose of inviting Tenders for Below Threshold Contracts where the Estimated Value of the Contract is no less than £30,000 including VAT (£25,000 excluding VAT).
- 13.7 The requirement set out in Rule 13.6 (above) does not apply where the Council invites Quotes or Tenders from a closed group of pre-selected suppliers, i.e. via a Framework or from one or more targeted suppliers provided it does not advertise the procurement in any other way.

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- 13.8 The Below Threshold Tender Notice must be published on the Central Digital Platform before being published elsewhere via the Councils Electronic Tendering System.
- 13.9 Section 87(3) provides that as soon as reasonably practicable after entering into a notifiable below-threshold contract, a Contract Details Notice must be published on the Central Digital Platform via the Councils Electronic Tendering System. This applies to all notifiable below-threshold contracts, and not just those which require the publication of a below-threshold tender notice.
- 13.10 If a contracts estimated value is below £30,000 including VAT (£25,000 excluding VAT), there is no obligation to publish any notices on the Central Digital Platform.

PUBLIC CONTRACTS**RULE 14. *Competitive Tendering Procedures***

- 14.1 The Council may wish to engage with suppliers prior to commencing any Competitive Tendering Procedure in accordance with Rule 9.
- 14.2 All Public Contracts, including Concession Contracts, Light Touch Contracts and Utilities Contracts the value of which is above a Relevant Procurement Threshold must be procured by a Competitive Tendering Procedure using either:
- a) Open Procedure; or
 - b) Competitive Flexible Procedure.
- as described in more detail in Section 20 of the Procurement Act.
- 14.3 The Council is not required to use the above mentioned Competitive Tendering Procedures for a Public Contract as set out below:
- a) *Direct award* – where justified under Sections 41 or 43 of the Procurement Act; or
 - b) *Call Off Contract* - when awarding a Public Contract under a Framework as set out in Section 45 of the Procurement Act.
 - c) *Provider Selection Regime* – where the applicable procurement must be carried out under the Provider Selection Regime.

RULE 15. *Conditions of Participation*

- 15.1 The Council may set conditions of participation to perform the Contract under a Competitive Tendering Procedure, in accordance with Section 22 of the Procurement Act which relate to:
- a) legal and financial capacity; or
 - b) technical ability to perform the Public Contract
- 15.2 Based on criteria laid down by the Executive, the Chief Finance Officer will be responsible for evaluating the financial status of Tenderers and suppliers. The Chief Finance Officer is responsible for setting the criteria for evaluating the financial status of Tenderers and Suppliers which Officers will use.
- 15.3 Conditions of participation must be a proportionate means of ensuring the relevant capacity or ability, having regard to the nature, complexity and cost of the Public Contract.

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- 15.4 A supplier must meet the conditions of participation in order to be awarded the Public Contract.
- 15.5 Further details on the rules relating to conditions of participation are set out in Section 22 of the Procurement Act.

RULE 16. Award Criteria

- 16.1 In the case of a procurement process with an Estimated Value of £30,000 including VAT (£25,000 excluding VAT) or more the process for identifying the most advantageous Tender, including selection and award criteria, must be agreed in consultation with the appropriate Commercial Specialist and included in the Request for Quotation/Invitation to Tender and a copy retained on file.
- 16.2 The Procuring Officer must notify all Tenderers of the award methodology and evaluation criteria being used in the case of the Contract in question. If weightings are to be applied to the award criteria, then the Procuring Officer must ensure that these are also incorporated into the Request for Quotation/Invitation to Tender.

Procurement Act

- 16.3 A Public Contract may be awarded to a supplier that submits the most advantageous tender in a competitive tendering process which will be considered from the Council's point of view, which:
- a) satisfies its requirements; and
 - b) best satisfies the award criteria.
- 16.4 The Council will need to consider Section 23 of the Procurement Act in relation to setting award criteria for each competitive tendering process.
- 16.5 Award criteria for a Competitive Flexible Procedure may be refined in accordance with Section 24 of the Procurement Act and the Council must modify and republish or re-provide the Tender Notice and any associated documents affected by the refinements in accordance with Section 24(4) of the Procurement Act.

Health Care Services (Provider Selection Regime) Regulations 2023

- 16.6 The Council is required to follow one of the following provider selection processes in awarding contracts for health care services.
- a) *Direct award processes (A, B, and C)* – awarding contracts to providers when there is limited or no reason to seek to change from the existing provider; or to assess providers against one another, because:
 - (i) the existing provider is the only provider that can deliver the health care services direct award process A must be used,
 - (ii) patients have a choice of providers, and the number of providers is not restricted by the Council direct award process B must be used.
 - (iii) the existing provider is satisfying its existing contract, will likely satisfy the new contract to a sufficient standard, and the proposed contracting arrangements are not changing considerably direct award process C may be used.
 - b) *Most suitable provider process* – awarding a contract to providers without running a competitive process, because the Council can identify the most suitable provider.
 - c) *Competitive process* – running a competitive process to award a contract.

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16.7 When procuring under these regulations, the five key criteria as stated within those regulations must all be evaluated. These are:

- Quality and innovation
- Value
- Integration, collaboration, and service sustainability
- Improving access, reducing health inequalities, and facilitating choice; and
- Social value

RULE 17. *Open Procedure*

17.1 Prior to commencing an Open Procedure, the Council may wish to engage with suppliers prior to commencing any Competitive Tendering Procedure in accordance with Rule 9.

17.2 The Open Procedure is a single stage procedure.

17.3 Under the Open Procedure, Procuring Officers must ensure access to Invitations to Tender is available to all suppliers (other than those who are excluded) who respond to the Tender Notice and who meet the requirements stated in the tender documents. Where the opportunity has been advertised via the electronic tendering system the Invitation to Tenders and all supporting documents must be made available in the system for all interested parties to access subject to confidentiality agreement where applicable.

RULE 18. *Competitive Flexible Procedure*

18.1 Prior to commencing a Competitive Flexible Procedure, the Council may wish to engage with suppliers prior to commencing any Competitive Tendering Procedure in accordance with Rule 9.

18.2 The Competitive Flexible Procedure is any other Competitive Tendering Procedure, i.e. multi-staged process that the Council considers appropriate for the purpose of awarding a Public Contract.

18.3 The Council is afforded flexibility as to how to design a Competitive Flexible Procedure but details on how the procedure will be carried out must be set out in the Tender Notice and tender documents. However, when using the Competitive Flexible Procedure, the Council must consider the procurement objectives, such as those relating to time limits and transparency.

18.4 The Competitive Flexible Procedure may allow the Council to reserve the Public Contract to supported employment providers and public service mutual in certain circumstances. See Sections 32 – 33 Procurement Act.

18.5 Before allowing a supplier to participate in a Competitive Flexible Procedure the Council must determine whether the supplier is excluded or excludable in accordance with Section 27 of the Procurement Act. Where an excluded or excludable supplier is identified there must be consultation with CSU before excluding.

Part 4G Contract Procedure Rules**RULE 19. Frameworks**

- 19.1 Frameworks can be established either under the Open Procedure or the Competitive Flexible Procedure.
- 19.2 Frameworks are governed by Chapter 4 of the Procurement Act.
- 19.3 Frameworks must not be awarded for more than four years unless:
- a) It is a utilities Framework;
 - b) It is an Open Framework (see below);
 - c) It is a Light Touch Framework;
 - d) It is considered that due to the nature of the goods, services or works to be supplied that a longer term is required.
- The justifications for awarding for more than four years in any of the above scenarios must be detailed and approved within the Procurement Initiation Document, authorisation must also be sought from the Chief Finance Officer
- 19.4 Call Off Contracts may be awarded following a competitive selection process in accordance with Section 45(3) of the Procurement Act
- 19.5 Alternatively, Call Off Contracts may be awarded without competition, with prior approval from Commercial Specialist, (in accordance with Section 45(4)) of the Procurement Act to suppliers:
- a) in circumstances where only one supplier is party to the Framework; or
 - b) where the Framework sets out:
 - (i) the core terms of the public contract; and
 - (ii) an objective mechanism for supplier selection.
- 19.6 Call Off Contracts are to be awarded in accordance with the terms of the Framework and are not subject to the Competitive Tendering Procedures.

Open Frameworks

- 19.7 An Open Framework is a scheme of Frameworks that provides for the award of successive Frameworks on substantially the same terms.
- 19.8 Open Frameworks must provide:
- a) for the re-opening of a Framework at least once during—
 - (i) the period of three years beginning with the day of the award of the first framework in the scheme, and
 - (ii) each period of five years beginning with the day of the award of the second framework in the scheme;
 - b) for the expiry of one framework on the award of the next;
 - c) for the final framework to expire at the end of the period of eight years beginning with the day on which the first framework under the scheme is awarded.
- 19.9 The rules governing Frameworks are set out in Section 45-49 of the Procurement Act.

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- 19.10 Each Call Off Contract awarded under a Framework must be included on the Contracts Register within 30 days of award as per Rule 36.

RULE 20. *Dynamic Markets*

- 20.1 The Council may wish to establish arrangements (Dynamic Markets) for the purpose of awarding Public Contracts by reference to suppliers' participation in those arrangements which must remain open for new suppliers to join at any time.
- 20.2 The Open Procedure or direct award route cannot be used to award a Public Contract under a Dynamic Market
- 20.3 Dynamic Markets are not permitted for below threshold calls offs.
- 20.4 Procuring Officers must only establish Dynamic Markets with the prior written approval of a Senior Commercial Specialist and the Director of Corporate Resources and in accordance with the requirements of the Procurement Act and these Rules where appropriate.
- 20.5 Sections 34 – 40 of the Procurement Act sets out the rules relevant to Dynamic Markets.

RULE 21. *Direct Awards*

- 21.1 In limited circumstances, the Council may directly award a Public Contract to a supplier without conducting a Competitive Tendering Procedure or compliant Framework call off as more particularly described in Sections 41 – 44 of the Procurement Act and set out in Rule 21.4. This is classed as permitted Direct Awards.
- 21.2 If a Direct Award justification applies, the Council may award a Public Contract directly to a supplier that is not an excluded supplier. The Council may award a Contract to a supplier that is an excluded supplier if the Council considers that there is an overriding public interest in awarding the contract to that supplier.
- 21.3 When making a Direct Award, the Council may carry out a selection process or take other preliminary steps as it considers appropriate for the purpose of awarding a Direct Award Contract.
- 21.4 To be able to award a contract as a Direct Award the following conditions must be met:
- a) **Direct award to protect life** - the Minister of the Crown must consider it necessary in order to protect human, animal or plant life or health, or to protect public order or safety.
 - b) **Switching to direct award** – the Council can switch to awarding directly to a supplier that is not an excluded supplier if we have invited suppliers to submit tenders or request to participate in a competitive tendering procedure, and we have not received any suitable tenders or requests in response (although NB the Council must consider whether the supplier submitted an unsuitable tender or request); and considers that award under section 19 is not possible in the circumstances. A tender or request is not suitable if the Council considers that it would be disregarded in an assessment of tenders under section 19(3)(a) or (c); or it does not satisfy the Council's requirements or the award criteria when assessed by reference to the assessment methodology; or there is evidence of corruption or collusion between the suppliers or between suppliers and contracting authorities; or it materially breaches a procedural requirement in the tender notice (including in relation to the tender). A breach is material if ignoring it would put the tender at an unfair advantage.
 - c) **Production of a prototype, or supply of other novel goods or services** - for the purpose of testing the suitability of the goods or services, researching the viability of

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producing or supplying the goods or services at scale and developing them for that purpose, or other research, experiment, study or development.

- d) **Single suppliers** - due to a particular supplier having intellectual property rights or other exclusive rights, only that supplier can supply the goods, services or works required, and there are no reasonable alternatives to those goods, services or works. Due to an absence of competition for technical reasons, only a particular supplier can supply the goods, services or works required, and there are no reasonable alternatives to those goods, services or works.
- e) **Additional or repeat goods, services or works** - a change in supplier would result in the Council receiving goods, services or works that are different from, or incompatible with, the existing goods, services or works, and the difference or incompatibility would result in disproportionate technical difficulties in operation or maintenance. The existing goods, services or works were supplied under a public contract that was awarded in accordance with a competitive tendering procedure within the period of five years ending with the day on which the transparency notice is published, and the tender notice or any tender document in respect of that earlier contract set out—
 - (i) the Councils intention to carry out a subsequent procurement of similar goods, services or works in reliance on this direct award justification, and any other information specified in regulations under section 95.
- f) **Commodities** - the public contract concerns goods purchased on a commodity market.
- g) **Advantageous terms on insolvency** - the award of the public contract to a particular supplier will ensure terms particularly advantageous to the Council due to the fact that a supplier, whether or not the one to whom the contract is to be awarded, is undergoing insolvency proceedings.
- h) **Urgency** – Where the goods, services or works to be supplied under the public contract are strictly necessary for reasons of extreme and unavoidable urgency, and as a result the public contract cannot be awarded on the basis of a competitive tendering procedure.
 Urgency is unavoidable if it is not attributable to any act or omission of the Council and could not have been foreseen by the Council.
- i) **User choice contracts** - that are of a kind specified in regulations under section 9 (light touch contracts), that are supplied for the benefit of a particular individual. The individual to whom the services are to be supplied or their carer has expressed a preference as to who should supply the services, or the nature of the services to be supplied is such that only one supplier is capable of providing them, and the Council considers that it is not in the best interests of the individual to award the contract under section 19.

- 21.5 Prior to directly awarding a Public Contract to a supplier the necessary approvals need to be sought by completing a Direct Award request form which will be approved by Appropriate Chief Officer in consultation with Senior Commercial Specialist and for Directs Awards under a) to h) approval must also be sought from the Corporate Procurement Board, with the exception of Directs Awards under b) switching, where the award is for a light touch contract.
- 21.6 Prior to directly awarding a Public Contract to a supplier a Transparency Notice must be published to inform the market of the proposed direct award and provide transparency on the rationale for the direct award (does not apply to user choice)
- 21.7 Where the value of the procurement is estimated below threshold but meets the criteria of 21.4 (a-i) a Direct Award request form may also be submitted, which will be approved by Appropriate Chief Officer in consultation with Senior Commercial Specialist.

Part 4G Contract Procedure Rules**RULE 22. *Tender Notices and Tender Documents***Tender Notice

22.1 The Council must publish a Tender Notice as follows:

22.1.1 *Open Procedure* – inviting suppliers to submit a tender; or

22.1.2 *Competitive Flexible Procedure*:

- (i) inviting suppliers to submit a request to participate in the procedure; or
- (ii) where no such invitation is made, inviting suppliers to submit their first, or only, tender as part of the procedure.

22.2 The Tender Notice must comply with the requirements of Section 21 of the Procurement Act.

Tender Documents

22.3 The Council is required to provide any tender documents in accordance with the Tender Notice.

22.4 Suppliers are not to be invited to submit Tenders as part of a Competitive Tendering Procedure unless the Tender Notice or the Tender Documents contain:

- a) information sufficient to allow suppliers to prepare a Tender; and
- b) details of the goods, services or works required.

22.5 In setting out its requirements, the Council must be satisfied that they are:

- a) sufficiently clear and specific; and
- b) do not breach the rules concerning technical specifications (set out in Section 56 of the Procurement Act).

GENERAL**RULE 23. *Electronic Tendering System***

23.1 All procurement processes equal to or greater than £30,000 including VAT (£25,000 excluding VAT) shall be handled via an Electronic Tendering System where possible. Only in exceptional cases may a procurement process be undertaken not using an Electronic Tendering System. Paper Tenders must be submitted to, addressed to and opened by the Chief Executive (or an officer authorised by the Chief Executive to undertake this task). Where the Estimated value is below £30,000 including VAT (£25,000 excluding VAT), the quotations may be returned directly to the Procuring Officer.

23.2 Where an Electronic Tendering System is not available and paper Tenders are to be received by the Chief Executive, the Procuring Officer must send to the Chief Executive a note of the subject and the closing date and time and (where appropriate) a list of those invited to Tender together with the Estimated Value before the closing date for receipt of Tenders.

Part 4G Contract Procedure Rules**RULE 24. Central Digital Platform**

- 24.1 Under the Procurement Act the Council will be required to publish a variety of notices on the Central Digital Platform. This replaces the requirements under the Public Contracts Regulations 2015 to publish on the Find a Tender Service and Contracts Finder platforms. The Central Digital Platform should be accessible via the Councils Electronic Tendering System.

RULE 25. Time Limits

- 25.1 When setting time limits for Competitive Tendering Procedures, the Council must, where relevant, have regard to:
- a) the nature and complexity of the contract being awarded;
 - b) the need for site visits, physical inspections and other practical steps;
 - c) the need for sub-contracting;
 - d) the nature and complexity of any modification of the tender notice or
 - e) any associated tender documents;
 - f) the importance of avoiding unnecessary delay.
- 25.2 For below threshold procurements there is no set time limit, but all of the same considerations listed under 25.1 should be taken into account.
- 25.3 Section 54 of the Procurement Act sets out the minimum time limits to be set in different circumstances.

RULE 26. Invitations to Tender

- 26.1 Every Invitation to Tender must specify the latest day and hour and the place appointed for the receipt of Tenders and must state the effect of Rule 27.
- 26.2 Procuring Officers must give all Tenderers the same information about the procurement process and in particular information relating to the Tender process, specification, award criteria, award methodology and applicable terms and conditions of the Contract or Framework.
- 26.3 Procuring Officers must also give all Tenderers the same information relating to questions, answers and clarifications raised during the procurement process unless considered to be confidential or commercially sensitive.

RULE 27. Receipt and Opening of Tenders

- 27.1 Rules 27.2 – 27.6 apply only to Tenders where the Estimated Value is equal to or greater than the relevant Procurement Threshold and the Tender is not an E-Tender. Rule 27.7 applies to E-Tenders only.
- 27.2 On receipt of non-electronic Tenders, envelopes containing the Tenders must be date and time stamped by the Chief Executive and shall remain in his or her custody until they are opened.
- 27.3 The Chief Executive must keep a record of all non-electronic Tenders received.

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- 27.4 Tenders must be opened at one time in the presence of not less than two Officers one of whom is not involved in the procurement process and who is designated by the Chief Executive. Each Officer must initial each Tender once opened which must also be date stamped.
- 27.5 Particulars of all Tenders opened must be entered by the Chief Executive upon the record which must be signed by the Officers present at the opening, together with a note of all Irregular Tenders.
- 27.6 The Chief Executive must forthwith send a copy of the record to the appropriate Procuring Officer (with the Tenders) and must retain a copy him or her self.
- 27.7 E-Tenders must be opened in accordance with the requirements of the Electronic Tendering System used.

RULE 28. *Errors or Discrepancies in Tenders*

- 28.1 Tenderers are not allowed to alter their Tenders after opening save in accordance with this Rule or Rule 31.
- 28.2 Where it is suspected that there has been an error in a Tender and following the closing date for receipt of Tenders but before acceptance of any Tender discussions may take place with Tenderers in order to:
- a) ensure that the Tender is constructed correctly; or
 - b) ensure that the Tenderer has fully understood the specification; or
 - c) seek clarification from Tenderers of cost, quality and performance indicators.
- 28.3 Advice should be sought from the Commissioning Support Unit about whether to seek clarification from Tenderers before any discussions take place with Tenderers in accordance with this Rule. Such clarification will be considered on a case by case basis.
- 28.4 A written note of the discussions must be made to record the suspected error, date, time, detail of the discussion and any agreement reached.

RULE 29. *Specifications*

- 29.1 Specifications must set out a clear and comprehensive description of the requirements for a procurement process with regards to the goods, services or works required.
- 29.2 Public Contracts falling within the scope of the Procurement Act will need to adhere to Section 56 of the Procurement Act which sets out the rules concerning Specifications.
- 29.3 The Specification should not refer to design, a particular licensing model or a description of characteristics in circumstances where they could appropriately refer to performance or technical functions.
- 29.4 References to UK standards should not be made unless:
- a) The standard adopts internationally recognised equivalents; or
 - b) There is no internationally recognised standard.

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29.5 Unless the Council considers it necessary to make its requirements understood, references should not be made to a particular:

- a) Trademark, trade name, patent, design or type;
- b) Place of origin;
- c) Producer or supplier.

RULE 30. *Discussions and Post Tender Negotiations*

30.1 Advice should be sought from the CSU before any discussions take place with Tenderers in accordance with post tender negotiations.

RULE 31. *Supplier Exclusions and Debarment*

31.1 There may be a number of different circumstances where suppliers are not permitted to participate in a Covered Procurement, to have their Tender considered or be awarded a Public Contract.

31.2 “Excluded” and “excludable” suppliers are defined in Section 57 and 58 of the Procurement Act. After an assessment of the government's exclusion grounds, the council decides if a supplier is excluded or excludable.

31.3 An “excluded supplier” is a supplier (or an associated person) to which a mandatory exclusion ground applies; and

- a) the circumstances giving rise to the application of that exclusion ground are continuing or likely to occur again; or
- b) the supplier (or associated person) is on the debarment list by virtue of a mandatory exclusion ground.

31.4 An “excludable supplier” is a supplier (or associated person) to which a discretionary exclusion ground applies; and

- a) the circumstances giving rise to the application of that exclusion ground are continuing or likely to occur again; or
- b) the supplier (or associated person) is on the debarment list by virtue of a discretionary exclusion ground.

31.5 The mandatory and discretionary exclusion grounds are contained in Schedule 6 and 7 to the Procurement Act.

31.6 The way in which the exclusion grounds must be considered and applied in different procurement procedures is set out in Sections 26 and 27 of the Procurement Act. Sections 28 and 29 of the Procurement Act also set out excluding suppliers with references to a connected person, associated person or subcontractors and on a discretionary basis for national security reasons.

31.7 Where a supplier is a “excluded” or “excludable” supplier by virtue of an “associated person” being an “excluded” or “excludable” supplier, the Council must, before disregarding a Tender:

- i. Notify the supplier of its intention to disregard; and

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- ii. Give the supplier reasonable opportunity to replace the “associated person”.
- 31.8 “Associated person” is defined in Section 26(4) of the Procurement Act.
- 31.9 Prior to making a decision to exclude a supplier advice should be sought from a Commercial Specialist and if allowing a bid from a supplier under discretionary exclusion approval must be sought from the Director of Law and Governance and the Director of Corporate Resources.
- 31.10 Where the Council excludes a supplier (or associated person) it will need to act in accordance with Sections 58 & 59 of the Procurement Act.

Debarment

- 31.11 Suppliers may be entered onto a published debarment list as a result of past behaviour or circumstances that may mean it is not or may not be able to participate in Covered Procurement or be awarded Public Contracts. A minister of the crown decides if a supplier is placed on the debarment list.
- 31.12 The Council must check the debarment list in each procurement and where a supplier is on the debarment list in relation to a mandatory exclusion ground, the Council must not allow the supplier to bid in a Competitive Flexible Procedure or be awarded a Public Contract in any Competitive Tendering Procedure or by way of a direct award and must disregard any Tender or Quotation submitted by them save for the following exceptions:
- a) where a supplier is on the debarment list on national security grounds for a particular type of contract, as the debarment does not affect their eligibility to bid for other types of contracts; or
 - b) procurements by direct award where there is an overriding public interest in awarding the contract to that supplier. This includes cases where there is an extreme and unavoidable urgency.
- 31.13 We should not continue to work with a supplier who is on the debarment list, so we must check if the supplier is on the debarment list not only before tendering or during contract award but also as part of contract management. Follow guidance for early termination Rule 51.
- 31.14 The debarment provisions are set out in Sections 59 – 66 of the Procurement Act.

RULE 32. *Modifications to Competitive Tendering Procedures*

- 32.1 Section 31 of the Procurement Act permits making changes to the terms of a Covered Procurement as defined in Section 31(7).
- 32.2 Where a modification to a Competitive Tendering Procedure is made, the Council is required to revise and republish or re-provide the Tender Notice and any associated tender documents affected by the modifications or time limit revisions in accordance with Section 31(5) of the Procurement Act.
- 32.3 Advice must be sought from a [Commercial Specialist] prior to seeking to modify a procurement in accordance with Section 31 of the Procurement Act.

AWARD OF CONTRACT

RULE 33. *Acceptance of Tenders*

- 33.1 A Tender can only be accepted in accordance with the initial award methodology and evaluation criteria as set out in Rule 15.
- 33.2 Any evaluation sheets must be maintained on file in accordance with Rule 51.
- 33.3 Any offer or bid with an Estimated Value of below £30,000 including VAT (£25,000 excluding VAT) (where a Request for Quotation or an Invitation to Tender is not used) may only be accepted with the prior written approval of the appropriate Commercial Specialist.
- 33.4 If the Quotation/Tender to be accepted exceeds the budget which was agreed in accordance with Rule 5.9 the Procuring Officer must ensure that sufficient funds are available and approved by the appropriate budget holder, Appropriate Chief Officer or Chief Executive prior to accepting the Quotation/Tender.
- 33.5 If the Quotation/Tender to be accepted exceeds the threshold of the procurement process used, meaning that a different procurement process should have applied the Procuring Officer must seek approval from the Commercial Specialist and Corporate Procurement Board if the threshold that has been exceeded is the Procurement Threshold, prior to accepting and proceeding.
- 33.6 Where the Procuring Officer/Council considers a Quotation/Tender submitted to be abnormally low the Council shall require the Tenderer to explain in writing the price or costs proposed and may only reject the Tender where the explanation is unsatisfactory. Where a Public Contract falling within the scope of the Procurement Act is concerned, the Council shall consider an abnormally low Tender in accordance with Section 19 of the Procurement Act.
- 33.7 Where there is only one Quotation/Tender submitted, the Procuring Officer must be able to satisfy themselves that value for money is being achieved, and all risks have been considered before awarding the contract.
- 33.8 Subject to Rule 1, the Appropriate Chief Officer shall have the authority to accept a Tender but in any particular circumstance may decline to give approval and refer the decision to the Chief Executive to determine.

RULE 34. *Contract Award Notice*

- 34.1 The Procuring Officer must notify the successful Tenderer of the acceptance of their Quotation or Tender and for all procurement processes with an Estimated Value of £6,000 including VAT (£5,000 excluding VAT) or more this notification must be in writing.
- 34.2 In the case where the Estimated Value is £30,000 including VAT (£25,000 excluding VAT) or more the Procuring Officer must notify in writing all Tenderers who submitted a Quotation or Tender of the decision as soon as possible after the decision has been made.
- 34.3 Where a Contract with an Estimated Value of £30,000 including VAT (£25,000 excluding VAT) or more is awarded, the Council must publish a Contract Award Notice on the Central Digital Platform as required by the Procurement Act.

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- 34.4 In the case where the Estimated Value is equal to or greater than the relevant Procurement Threshold the following additional Rules shall apply:

Procurement Act*Contract Award Report*

- 34.5 Prior to notifying suppliers of the outcome of the Contract Award a Contract award Report must be completed and authorised by the Appropriate Chief Officer.
- 34.6 The Contract Award Report must be provided in accordance with the requirements set out in Section 98 of the Procurement Act.

Assessment Summary

- 34.7 Before publishing a Contract Award Notice in respect of a contract awarded under a Competitive Tendering Procedure, the Council must provide an Assessment Summary to each supplier that submitted an assessed Tender in accordance with Section 50 of the Procurement Act.
- 34.8 The Assessment Summary must be provided in accordance with the requirements set out in Regulation 31 of the Procurement Act.

Contract Award Notice

- 34.9 Prior to entering into a Contract, the Council must publish a Contract Award Notice on the Central Digital Platform as set out in Section 50 of the Procurement Act.
- 34.10 A Public Contract shall not be entered into before:
- a) The end of the mandatory standstill period; or
 - b) If later, the end of another standstill period provided for in the Contract Award Notice.
- 34.11 The requirement to publish a Contract Award Notice does not apply to Below Threshold Contracts, Dynamic Market establishments or direct award: user choice contracts.

Standstill Period

- 34.12 The mandatory standstill period is the period of eight working days beginning with the day on which a Contract Award Notice is published in respect of the Contract.
- 34.13 A standstill period does not apply in relation to Contracts that fall within Section 51(3) of the Procurement Act which includes (but is not limited to) Contracts, however a voluntary standstill should be used where possible:
- a) awarded under Section 41 by reference to paragraph 13 of Schedule 5 to the Procurement Act (direct award: extreme and unavoidable urgency);
 - b) awarded under Section 41 by reference to Section 42 of the Procurement Act (direct award to protect life etc);
 - c) awarded in accordance with a Framework;
 - d) awarded by reference to a Dynamic Market;
 - e) a Light Touch Contract.

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- 34.14 The Procuring Officer must notify the appropriate Commercial Specialist in writing of any Contract (including Framework Call Off Contracts) that has been awarded with an Estimated Value of £6,000 including VAT (£5,000 excluding VAT) or more.

Provider Selection Regime

- 34.15 In the case of procurements falling under the Provider Selection Regime the relevant notification to awards must be adhered to dependent on the route to market deemed most appropriate in accordance with the Provider Selection Regime.

RULE 35. Procurement Termination Notice

- 35.1 Where the Council does not award a Public Contract after the contract award decision has been made before the Public Contract is entered into, a Procurement Termination Notice would need to be published in the Central Digital Platform.
- 35.2 Section 55 of the Procurement Act sets out when the Procurement Termination Notice must be published and Regulation 37 sets out what information must be included within it.

RULE 36. Contract Details Notice

- 36.1 Following publication of a Contract Award Notice and observation of a standstill period (as applicable) a Contract Details Notice must be published in the Central Digital Platform to inform the market that the Public Contract has been entered into.
- 36.2 A Contract Details Notice must be published within 30 days of the Public Contract being entered into, except in relation to Light Touch Contracts where the timeframe is 120 days under Section 53 of the Procurement Act.
- 36.3 Section 87 of the Procurement Act requires publication of a Contract Details Notice as soon as reasonably practicable after entering into a notifiable Below Threshold Contract.
- 36.4 The obligation to publish a Contracts Details Notice does not apply to direct award: user choice contracts – see Schedule 5 paragraph 15 of the Procurement Act.
- 36.5 Regulations 32-35 set out the information to be included in a Contract Details Notice.
- 36.6 The Council must act in accordance with Section 52 of the Procurement Act in relation to key performance indicators (where applicable), as set out in Rule 38.

MANAGEMENT OF CONTRACTS**RULE 37. Implied Contract Terms and Payments**

- 37.1 Public Contracts falling within the scope of the Procurement Act have various implied terms as set out in Section 67, 68, 78 and 79 of the Procurement Act.

Section	Implied Term
67	The Council must accept and process for payment any electronic invoice issued to the Council for payment under the contract.

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Section	Implied Term
	The Council requires the following to be able to meet this implied term, so Contract Managers need to work with Suppliers to ensure: (a) supplier invoice is submitted in the required electronic form, and (b) supplier invoice is not disputed by the Council.
68	Any sum due to be paid under the public contract by the Council must be paid before the end of the period of 30 days beginning with— (a) the day on which an invoice is received by the Council in respect of the sum, or (b) if later, the day on which the payment falls due in accordance with the invoice. The term in subsection does not apply if the Council— (a) considers the invoice invalid, or (b) disputes the invoice. On receiving an invoice from a payee, the Council must notify the payee without undue delay if— (a) it considers the invoice invalid, or (b) it disputes the invoice.
78	If a termination ground applies, be terminated by the Council in accordance with this section. Each of the following circumstances is a termination ground— (a) the Council considers that the contract was awarded or modified in material breach of this Act or regulations made under it; (b) a supplier has, since the award of the contract, become an excluded supplier or excludable supplier (including by reference to an associated person); (c) a supplier (other than an associated person) to which the supplier is sub-contracting the performance of all or part of the public contract is an excluded or excludable supplier. Before terminating a contract the Council must (a) notify the supplier of its intention to terminate, (b) specify which termination ground applies and why the Council has decided to terminate the contract, (c) give the supplier reasonable opportunity to make representations about— (i) whether a termination ground applies, and

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Section	Implied Term
	(ii) the Council's decision to terminate.
79	If terminating a contract in accordance with this section, based on the discretionary or mandatory exclusion grounds relating to national security. Relevant contracting authorities are defined in section 79(3) as any Council other than: (a). a Minister of the Crown or a government department. (b). the Corporate Officer of the House of Commons; or (c). the Corporate Officer of the House of Lords.

- 37.2 The Council will also need to publish information about payments under Public Contracts in accordance with Section 69 and 70 of the Procurement Act this is completed by the Finance Department.

RULE 38. *Assessment of Contract Performance*

- 38.1 Where the Council has set key performance indicators (KPI's) in accordance with Section 52(1) of the Procurement Act, the Contract Manager must in accordance with Section 71 of the Procurement Act it must at least once in every 12-month period during the life-cycle of the Contract and on termination of the Contract:
- a) assess performance against the KPI's; and
 - b) publish information specified in Regulations under Section 95 of the Procurement Act in relation to that assessment, known as a Contract Performance Notice; and
 - c) record information relating to particular breaches or failure to perform a Contract (except where the breach results in a Contract being terminated in full).
- 38.2 Within 30 days from the day on which Section 71(5) of the Procurement Act applies in relation to a particular breach or failure to perform, the Council must publish information in accordance with Section 71(5) of the Procurement Act.
- 38.3 The Council encourages the inclusion of KPIs in light touch contracts where appropriate, to support effective contract management and service delivery. However, there is no statutory requirement under the Procurement Act 2023 for these KPIs to be published.

RULE 39. *Sub-Contracting*

- 39.1 The Council may direct a supplier to enter into a legally binding sub-contracting arrangement with a sub-contractor in accordance with Section 72 of the Procurement Act.
- 39.2 The Council must comply with Section 73 of the Procurement Act which contains implied payment terms that are set out in Section 68 of the Procurement Act. Unless the Council disputes an invoice or considers it to be invalid, they must be paid within 30 days (i) on the

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day which the invoice is received; or (ii) if later, the day on which the invoices fall due. Any contractual terms which seeks to restrict or override this, will not have effect.

RULE 40. Internal Annual Reporting

- 40.1 The Director of Corporate Resources, in consultation with the Director of Law and Governance, shall at least once in each financial year submit a report to the Corporate Governance Committee in relation to:
- a) the operation of these Rules and proposed revisions to these Rules and/or changes required to accommodate the requirements of UK and EU Retained procurement law as may be necessary from time to time; and
 - b) providing an annual summary of the number of Contracts awarded using the Provider Selection Regime, in the year to which the summary relates where Direct Award Process A, Direct Award Process B, Direct Award Process C, the Most Suitable Provider Process or the Competitive Process was followed.

Contracts Register

- 40.2 All Contracts awarded, regardless of value, must be entered onto the Contracts Register within 30 days of the date of the award.

RULE 41. Prevention of Corruption/Conflict of Interest

- 41.1 The Employee Code of Conduct (Part 5b of the Constitution) applies to any procurement process.

Prevention of Corruption

- 41.2 The Contracts should have a suitable clause included which ensures the Council may terminate and recover losses from our Contract if the Supplier commits an offence under the Bribery Act 2010 or commits fraud.
- 41.3 The suppliers must comply with the Supplier Code of Conduct and any relevant policies.
- 41.4 The Council may exclude a supplier from participation in a procurement procedure where they have established that supplier is an excluded or excludable supplier as defined in Section 57 of the Procurement Act and Rule 31.

Conflicts of Interest

- 41.5 Officers are referred to the Employee Code of Conduct regarding conflicts of interest.
- 41.6 Additionally, the Council is under a duty to identify and mitigate conflicts of interest arising where a procurement falls within the scope of the Procurement Act as set out in Sections 81-83 of the Procurement Act.
- 41.7 The Council must prepare (and keep under review) a conflicts assessment before publishing a Tender Notice, Transparency Notice or Dynamic Market Notice in relation the procurement/establishment and this must be referenced in those notices (as applicable).
- 41.8 If the Council is aware of circumstances that it considers are likely to cause a reasonable person to believe there to be a conflict or potential conflict of interest, a conflicts assessment

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must also include details of any steps the Council has taken or will take to demonstrate that no such conflict or potential conflicts exists.

41.9 The Council must in accordance with Section 83(5) of the Procurement Act:

- a) keep any conflicts assessment under review;
- b) revise the assessment as necessary; and
- c) when publishing any relevant notice, confirm that a conflicts assessment has been prepared and revised in accordance with Section 83 of the Procurement Act.

41.10 Section 83(5) of the Procurement Act under Rule 42.08 does not apply where:

- a) The Council has given notice of a decision not to award a Contract under Section 55 of the Procurement Act;
- b) A Contract Termination Notice is published in relation to the procurement; or
- c) A Dynamic Market Notice is published in relation to the market ceasing to operate.

RULE 42. *Counter Terrorism and Security Act 2015*

42.1 Where appropriate, the Contract shall make appropriate provision for information sharing between the Contractor and the Council in line with the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018, and/or such other measures as are appropriate, such as staff training, to support the Council in meeting its duty under Section 26 of the Counter-Terrorism and Security Act 2015 to have due regard to the need to prevent people from being drawn into terrorism

RULE 43. *Form of Contract*

43.1 A Contract shall be formed:

- a) by completion of a formal contract incorporating the Invitation to Tender or Request for Quotation, the Tender and the outcome of any subsequent negotiations and/or discussions; or
- b) by placing an order in accordance with Rule 47.

43.2 In determining the terms and conditions of Contract, the Procuring Officer must ensure that appropriate terms and conditions are incorporated in consultation with the Director of Law and Governance.

43.3 All Contracts must be in writing and where appropriate the Procuring Officer shall:

- a) ensure that the Contract includes a definition of the circumstances that will be considered to constitute a default on the terms of the Contract by the supplier. The Contract must provide for notice of default to be given to the supplier and for any resulting losses to be recovered from the supplier if the default is not rectified.
- b) decide whether it is necessary to require suppliers to provide a Performance Bond with a third party or a Parent Company Guarantee. The need for this will depend on an assessment of the risk associated with the contract or the supplier.

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- c) ensure that the contract provides for the supplier to have an insurance policy, which can be inspected during the contract period. The Chief Finance Officer shall be consulted on the insurance requirements.
 - d) consult the Chief Finance Officer on the appropriate VAT requirements.
- 43.4 The Procuring Officer shall comply with the UK General Data Protection Regulation (UK GDPR) and Data Protection Act 2018 requirements and shall include in the Contract appropriate provisions.
- 43.5 The Procuring Officer shall ensure the Contract includes a right to audit clause which requires the Contractor to keep full, true and accurate books of account and to preserve and permit the Council access to such records for at least such periods as the Council is itself subject audit or investigation in respect of the Contract.
- 43.6 The Procuring Officer shall ensure the Supplier Code of Conduct and all other relevant Council policies are included in the Contract.
- 43.7 Every contract must be signed (by electronic means or otherwise) by the Appropriate Chief Officer or an Officer designated with the appropriate financial authority as set out in the Scheme of Delegation, and in cases determined by the Director of Law and Governance or where otherwise required in law, shall be under the Common Seal of the County Council in a form prepared or approved by the Director of Law and Governance.

The scheme of delegation for Contract signing is defined in the table below.

Estimated Value of the Contract (including Extensions)	Designated Officer authorised to sign the Contract
£0 - £24,999	Team Manager (Grade 12-14)
£25,000 - £175,000	Head of Service (Grade 15-17)
£175,001 - £499,999	Assistant Director (Grade 17-19)
£500,000 and above	Director (Grade 18 and above)
Contracts under Seal/by Deed (regardless of value)	Director of Relevant Department and; Director of Law and Governance

In the case of ESPO:

- 43.8 Framework agreements and any agreements varying them must be signed (by electronic means or otherwise) by the Appropriate Chief Officer or an Officer designated with the appropriate authority as set out in the Scheme of Delegation, and in cases determined by the Director of Law and Governance or where otherwise required in law, shall be under the Common Seal of the County Council in a form prepared or approved by the Director of Law and Governance.
- 43.9 Every other Contract or order must be signed (by electronic means or otherwise) by the Appropriate Chief Officer or an Officer designated with the appropriate authority as set out in the Director of ESPO's Financial Scheme of Delegation, and in cases determined by the Director of Law and Governance or where otherwise required in law, shall be under the Common Seal of the County Council in a form prepared or approved by the Director of Law and Governance.

Part 4G Contract Procedure Rules**RULE 44. Contract Management**

44.1 The Procuring Officer shall advise the Commissioning Support Unit who shall immediately upon completion of every procurement process;

- a) In respect of contracts having a value of less than £30,000 including VAT (£25,000 excluding VAT) and where the Electronic Tendering System has not been used, enter the Contract details in the Council's Contracts Register and set up an appropriate Contract purchase Agreement.

Contracts of whatever value handled via the Electronic Tendering System the Procuring Officer shall ensure that the details of the Contract are published in the Council's Contracts Register.

44.2 All Contracts shall be managed in accordance with the Procurement Act.

44.3 The Procuring Officer or Contract Manager/authorised officer responsible for the management of the Contract shall:

- a) Ensure the Contract management is carried out having regard to the procurement objectives set out in Section 12 of the Procurement Act (i) delivering value for money, (ii) maximizing public benefit (iii) sharing information so that suppliers can understand procurement policies and decisions, (iv) been seen to act with integrity.
- b) Ensure suppliers are treated the same unless a difference in treatment can be justified, and even then, all reasonable steps must be taken to avoid unfair advantage or disadvantage between suppliers.
- c) Obtain prior approval in accordance with Rule 45 and Rule 48 before proceeding to authorise (in writing) any modification/extension to the Contract;
- d) Ensure all contract documentation including details and copies of variations and modifications is uploaded to the Councils Electronic Tendering System;
- e) Ensure that a record is kept of all certificates and instructions issued under the Contract;
- f) Keep documents in support of each payment showing how the payment amount has been valued and maintain a record of all such payments including any professional fees;
- g) Prior to the Contract renewal notice period for a Contract, consult the relevant Commercial Specialist to review opportunities for contract modifications or amendments for favourable contract terms;
- h) When terminating any Contract and in particular for breach follow the requirements set out in Rule 50
- i) Resolve all contractual matters and contractual claims, and issue any final account and final certificate in accordance with the terms of the Contract, taking advice from the Director of Law and Governance.
- j) Ensure Key performance Indicators (KPIs) are reviewed and monitored as set out in Rule 38.
- k) Ensure Performance notices are published against the KPIs as set out in Rule 38.

RULE 45. Contract Extensions

45.1 A Contract may be extended before the expiry date where the Contract Extension is provided for in accordance with its original terms.

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- 45.2 Prior to any contract extension being agreed the Procuring Officer must ensure that sufficient additional budget provision, as required, has been approved by the budget holder.
- 45.3 Where the original Contract terms do not provide expressly for a Contract Extension, there will be limited circumstances under a modification (see Rule 49) whereby the above Threshold Contract can still be extended in line with the Procurement Act.
- 45.4 In all cases, a Contract Extension Form must be completed outlining the full reasons for the request for the Contract Extension.
- 45.5 The approved Contract Extension Form must be retained in the Electronic Tendering System under the relevant project.

The relevant approvals required for Contract Extensions is set out below:

Type of Contract	Contract Extension Details	Approval Required
45 (a) Below Relevant Procurement Threshold	Extension allowed for within the original tender/contract	Approval needs authorisation from the Chief Officer in consultation with the Commercial Specialist. Where the value exceeds £30,000 including VAT (£25,000 excluding VAT), involvement required of the Supplier Relationship Manager to ensure value for money is attained. Not applicable to ESPO.
45 (b) Below Relevant Procurement Threshold (where the original contract and the extension do not exceed the Relevant Procurement Threshold).	Extension not allowed for in the original contract	Appropriate Chief Officer, in consultation with the Commercial Specialist and Corporate Procurement Board Not applicable to ESPO.
45 (c) Above Relevant Procurement Threshold and Convertible Contracts (where the extension takes the contract above Relevant Procurement Threshold)		Follow modification Rule 48.

Part 4G Contract Procedure Rules**RULE 46. *Orders for work, goods and services***

- 46.1 Orders for work, goods and services must only be placed in accordance with Instruction 8 of the Standard Financial Instructions. and No PO No Pay Policy.

STANDING LISTS**RULE 47. *Standing Lists***

- 47.1 Standing Lists must not be created or added to without the prior written approval of the Appropriate Chief Officer in consultation with the appropriate Commercial Specialist.
- 47.2 Procuring Officers must not use a Standing List where the Estimated Value of the Contracts to be awarded using the Standing List is estimated to exceed the relevant Procurement Threshold.
- 47.3 The Standing List must contain the names of all Persons who are approved and indicate the categories of contract and the values or amounts in respect of those categories for which those Persons are approved.
- 47.4 At least four weeks before a list is first compiled, the Procuring Officer must publish on a website or portal approved by the Director of Corporate Resources for the purpose of notifying the supply market a notice inviting applications by a specified date for inclusion in it.
- 47.5 Procuring Officers must renew all Standing Lists at intervals not exceeding four years. At least four weeks before each renewal, each Person whose name appears in the list must be notified by the Procuring Officer of the intention to review the list. If they wish to remain on the list they must re-apply for inclusion. Procuring Officers must ensure that notices inviting applications for inclusion in the list are published in the manner provided by Rule 27(d).
- 47.6 In cases where the use of a Standing List has been authorised the Procuring Officer must send Invitations to Tender to not less than four of the Persons from among those approved for a contract of the relevant category and amount or value. Where fewer than four Persons are approved for a contract of the relevant category and amount or value Invitations to Tender shall be sent to no fewer than three Persons. Where there are fewer than three Persons the procedure for Standing Lists must not be used unless the appropriate Commercial Specialist advises otherwise.
- 47.7 Standing Lists must be held within the Councils electronic tendering system and the contracts register.
- 47.8 The Procuring Officer in consultation with the Commercial Specialist shall determine the criteria for selecting Persons from the list.
- 47.9 In such circumstances as the Director of Corporate Resources shall determine, Procuring Officers shall provide such information as shall reasonably be necessary of the extent to which Standing Lists have been utilised.

CONTRACT AMENDMENTS**RULE 48. *Modifying a Contract***

48.1 Modifications to Contracts will need to be assessed on a case-by-case basis and appropriate advice should be sought from the CSU where necessary.

Contracts not falling within the Procurement Act

48.2 Any modification to a Contract, for example to deliver additional goods, services or works, including variations to the terms of payment or a variation to provide for an extension requires prior approval. The approval thresholds and required authorities are detailed in the table below. In the event of a contract Novation refer to Rule 50.

Table: 1 – Modifications to Below-Threshold Contracts not governed by the Procurement Act.

Type of Contract	Relevant Procurement Threshold and Modification Criteria	Approval Required
48(a) Goods and Services	Contract Value including the modification is below the Relevant Procurement Threshold. Value of the modification is under £100,000 excluding VAT and the modification does not take the contract above the Relevant Procurement Threshold, keeping it below threshold.	• Appropriate Chief Officer, in consultation with Commercial Specialist Not applicable to ESPO
48(b) Goods and Services	Contract Value including the modification is below the Relevant Procurement Threshold. Value of the modification is £100,000 excluding VAT or over and the modification does not take the contract above the Relevant Procurement Threshold, keeping it below threshold.	• Appropriate Chief Officer, in consultation with the Commercial Specialist, and • Corporate Procurement Board • Not applicable to ESPO
48(c) Goods and Services	Initially below the Relevant Procurement Threshold, however the proposed modification, regardless of value will result in the new contract value exceeding the Relevant Procurement Threshold, turning it into a Convertible Contract.	Where the modification of the contract exceeds the threshold, turning it into a Convertible Contract, which is governed by the Procurement Act, the process set out in Table 2 must be followed. Modifications to Contracts governed by the Procurement Act.

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Type of Contract	Relevant Procurement Threshold and Modification Criteria	Approval Required
48(d) Light Touch	Contract Value including the modification is below Light Touch Contract Procurement Threshold.	• Appropriate Chief Officer, in consultation with the Commercial Specialist. • Not applicable to ESPO
48(e) Works and Concessions	Contract Value including the modification is below the Relevant Procurement Threshold. Value of the modification is 10%, or below, of the contract value and the modification does not take the contract above the Relevant Procurement Threshold, keeping it below threshold.	• Appropriate Chief Officer, in consultation with the Commercial Specialist. • Not applicable to ESPO .
48(f) Works and Concessions	Contract Value including the modification is below the Relevant Procurement Threshold. Value of the modification is more than 10% of the contract value and the modification does not take the contract above the Relevant Procurement Threshold, keeping it below threshold.	• Appropriate Chief Officer, in consultation with the Commercial Specialist, and • Corporate Procurement Board • Not applicable to ESPO

48.3 Contracts not subject to the Procurement Act may only be extended by formal written variation where the modification to the Contract will achieve Best Value and is reasonable in all the relevant circumstances.

Contracts falling within the Procurement Act

48.4 Any modification to a Public Contract must comply with Section 74 of the Procurement Act.

48.5 There are limited circumstances where the Council may modify a Public Contract or a Convertible Contract, that as a result of the modification exceeds the relevant Procurement Thresholds, under the Procurement Act.

48.6 The table below outlines the approvals required for such modifications to a Public Contract or a Convertible Contract.

Table 2: Extensions and Modifications to Contracts governed by the Procurement Act

Modification Type	Conditions for Modifications	Approval Required
48(g) Schedule 8- Permitted	The modification is permitted if it is provided for in the	• Appropriate Chief Officer, in consultation with the Commercial Specialist.

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Modification Type	Conditions for Modifications	Approval Required
Modifications-74(1)(a) of the Procurement Act.	Contract and is within allocated budget.	In the case of ESPO-approval by Contracts Panel.
48(h) Schedule 8-Permitted Modifications-74(1)(a) of the Procurement Act.	The modification is permitted as set out in Schedule 8 of the Procurement Act. This includes modifications are that are: - Urgent due to the protection of life. - Caused by circumstances that could not reasonably have been foreseen and doesn't change the nature of the contract and does not increase the contract value by more than 50%. - The materialisation of a known risk (in the tender) and does not increase the contract value by more than 50%. https://www.legislation.gov.uk/ukpga/2023/54/schedule/8	- Appropriate Chief Officer, in consultation with the Commercial Specialist. - In the case of ESPO-approval by Contracts Panel. Where the Commercial Specialist does not support the modification, it is to be escalated to the Assistant Director for Finance. Prior to any modification being agreed which would result in an increase in the Estimated Value of the Contract the Procuring Officer must ensure that sufficient additional budget provision has been approved by the budget holder.
48(i) Non-Substantial Modifications-74(1)(b) and 74(3) of the Procurement Act	The modification is not a substantial modification as defined in Section 74(3) of the Procurement Act, if it does not: - increase or decrease the value of the contract by 10% or less for goods and services or 15% or less for works; or - increase or decrease the term of the contract 10% or less of the maximum term provided for on award; or	- Appropriate Chief Officer, in consultation with the Commercial Specialist. - In the case of ESPO-approval by Contracts Panel. Where the Commercial Specialist doesn't support the modification, it is to be escalated to the Assistant Director for Finance. Prior to any modification being agreed which would result in an increase in the Estimated Value of the Contract the Procuring Officer must ensure that sufficient additional budget provision has been approved by the budget holder.

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Modification Type	Conditions for Modifications	Approval Required
	- materially change the scope of the contract; or - materially change the economic balance of the contract in favour of the supplier https://www.legislation.gov.uk/ukpga/2023/54/section/74	
48(j) Below-threshold modification- 74(1)(c) and 74(4) of the Procurement Act	The modification is a below threshold modification to an above threshold contract or convertible contract, as defined in Section 74(4) of the Procurement Act, if it meets the following criteria: - It does not increase or decrease the value of the contract by more than 10% (for goods and services) or 15% (for works). - The cumulative value of all below-threshold modifications does not exceed the relevant threshold for the contract type. - The scope of the contract does not change materially. https://www.legislation.gov.uk/ukpga/2023/54/section/74	- Appropriate Chief Officer, in consultation with the Commercial Specialist. - In the case of ESPO-approval by Contracts Panel. Where the Commercial Specialist doesn't support the modification, it is to be escalated to the Assistant Director for Finance. Prior to any modification being agreed which would result in an increase in the Estimated Value of the Contract the Procuring Officer must ensure that sufficient additional budget provision has been approved by the budget holder.

Other modifications

48.7 Modifications that do not fall within the above categories are not permitted modifications in the Procurement Act, only in very exceptional circumstances will Table 3 be considered.

Table 3: Modification of Contracts not covered in the above categories

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Modification Type	Modification criteria	Approval Required
48(k) Other Modifications (not explicitly covered)	Other modifications that are not explicitly covered by the above categories.	• Appropriate Chief Officer in consultation with Senior Commercial Specialist* and, • Corporate Procurement Board, and • Director of Corporate Resources, and • Director of Law and Governance Involvement of Supplier Relationship Manager to ensure value for money is attained. • In the case of ESPO, approval by ESPO's Leadership Team.

Provider Selection Regime modifications:

Table 4: Modification of contracts under the Provider Selection Regime

Modification Type	Modification criteria	Approval Required
48(l) Provider Selection Regime (49(d))	Modification of a Provider Selection Regime Contract is permitted if it does not: • exceed £500,000 including VAT– shall be net cumulative of all modifications to the contract. • is 25% greater or lesser the original contract value. • does not alter the overall nature of the original contract.	• Appropriate Chief Officer, in consultation with the Commercial Specialist. Where the Commercial Specialist doesn't support the modification, it is to be escalated to the Assistant Director for Finance. Prior to any modification being agreed which would result in an increase in the Estimated Value of the Contract the Procuring Officer must ensure that sufficient additional budget provision has been approved by the budget holder.

Contract Change Notice

48.8 Before modifying a public contract or a convertible contract (see section 74(1)), the Council must publish a contract change notice, this is for all modifications under Rule 48.

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- 48.9 Where the contract is over £5,000,0000 including VAT a copy of the modified contract must be published within 90 days of modifying.
- 48.10 A contract change notice is not required for modifications under Rule 48 (section 75(2) if:
- a) the modification increases or decreases the estimated value of the contract by —
 - (i) in the case of a contract for goods or services, 10% or less,
 - (ii) in the case of a contract for works, 15% or less, or
 - b) the modification increases or decreases the term of the contract by 10% or less of the maximum term provided for on award,
 - c) the Contract was awarded under the Light Touch Regime.
 - d) below-threshold contracts (unless they are convertible contracts)

Voluntary standstill period on modifications of Contracts

- 48.11 The Council may not modify a Public Contract or Convertible Contract before the end of any voluntary standstill period provided for in a Contract Change Notice.
- 48.12 A voluntary standstill period may not be less than eight working days beginning on the day on which the Contract Change Notice is published.

RULE 49. *Novation of Existing Contracts*

- 49.1 The novation of a Contract to a new supplier irrespective of value requires the prior written approval of the Director of Corporate Resources in consultation with the Director of Law and Governance. Consideration will also need to be given to the application of the Procurement Act Section 74
- 49.2 A Contract Change Notice must be published for all Novations apart from those Contracts awarded under the Light Touch Regime.

RULE 50. *Early Termination of Contracts*

- 50.1 Where a Contract is to be terminated early and there is no provision within the Contract for the termination, Officers shall seek advice from the Commissioning Support Unit and shall seek prior written approval from the Director of Law and Governance.
- 50.2 Where a Contract is to be terminated and there is provision for the termination within the Contract Officers shall seek advice from the Commissioning Support Unit, where a termination is for a material breach, under a provision in the Contract Officers shall seek advice from the Director of Law and Governance
- 50.3 The Council must publish a Contract Termination Notice in accordance with Section 80 of the Procurement Act through the Councils Electronic Tendering System on the Central Digital Platform.

MISCELLANEOUS PROVISIONS

Part 4G Contract Procedure Rules**RULE 51. *General Exemptions from Duties to Publish or Disclose Information***

- 51.1 The Council is not required to publish or disclose information under the Procurement Act if it is satisfied that withholding the information from publication or other disclosure is necessary for the purpose of safeguarding national security, or the information is sensitive commercial information and there is an overriding public interest in its being withheld from publication or other disclosure in line with the provisions of Section 94 of the Procurement Act.
- 51.2 If the Council chooses to withhold information under this section, the Council must publish or notify anyone to whom the information would otherwise be provided, CSU must be consulted, and the Director of Law and Governance must authorise any decision to withhold information from publication.

RULE 52. *Electronic Communications*

- 52.1 Procurement processes should usually be undertaken by electronic means provided that: -
- a) the requirements of these Rules are followed with only such modifications as may be necessary to allow for procurement by such means; and
 - b) any electronic tendering system has been approved by the Head of Procurement and Supply Chain Management and Director of Corporate Resources in consultation with the Director of Law and Governance.
- 52.2 Where a Covered Procurement applies, the Council will need to communicate with suppliers electronically and take all steps to ensure that supplier's participation in the procurement communicate electronically also in accordance with Section 96 of the Procurement Act.

RULE 53. *Information Relating to a Procurement and Record Keeping*

- 53.1 The Council must keep records of any communication between it and suppliers that is made for the purposes of, or in connection with a Covered Procurement as required under Section 97 of the Procurement Act. The records and any communication must be stored in the Councils Electronic Tendering System.
- 53.2 Where a procurement falls within the scope of the Procurement Act, the Council will need to keep appropriate records that are sufficient to explain a material decision made in accordance with Section 98 of the Procurement Act. A material decision form must be completed and stored within the Councils Electronic Tendering System, in the case of ESPO the material decision record is referred to as procurement control record.

RULE 54. *Document Retention*

- 54.1 All Contract records must be retained for at least six years and, any under seal for at least twelve years from expiry of the Contract. Contracts may be kept for longer periods should this be appropriate – for example: works contracts with a longer liability.
- 54.2 Where the Contract is externally funded any contingent liabilities and/or grant conditions must be taken account of by the length of the retention period.
- 54.3 Document retention of appropriate timeframes is important in case they are required for any Court proceedings.

Part 4G Contract Procedure Rules**RULE 55. *Supervision of Contracts by Third Parties***

- 55.1 The Procuring Officer shall ensure that it is a condition of any Contract between the Council and any Person (not being an Officer of the Council) who is involved in a procurement process or the management of a Contract on behalf of the Council that in relation to that Contract he must comply with the requirements of these Rules and other reasonable requirements of the Council.
- 55.2 Such Person must:
- a) at any time during the carrying out of the Contract produce to the Appropriate Chief Officer or his representative, Commercial Specialist or Council Auditor on request all records maintained in relation to the Contract; and
 - b) on completion of the Contract transmit all records to the Appropriate Chief Officer, Commercial Specialist.

RULE 56. *Nominated Sub-Contractors and Suppliers*

- 56.1 Where a sub-contractor or supplier is to be nominated by the Council to a main contractor, either by tendering or by other means the provisions of these Rules shall have effect. They must comply with the Procurement Act.
- 56.2 In the scenario where the council has tendered for a Sub Contractor, the terms of an Invitation to Tender under Rule 26 must require an undertaking by the Tenderer that, if selected, they will be willing to enter into a Contract with the main contractor on terms which indemnify the main contractor against their own obligations under the main Contract in relation to the work, goods, services included in the sub-contract.
- 56.3 Subcontractors either nominated by the Council or the main contractor must be checked to ensure they are not on the debarment list before entering into a contract as set out in Rule 31.

EXCEPTIONS**RULE 57. *Exceptions to the Rules***

- 57.1 There are limited circumstances whereby Exceptions to these Rules may be permitted. An Exception includes situations where it is proposed to procure goods, services or works that are not in compliance with other provisions within these Rules.
- 57.2 Approval of all Exception requests is required prior to procuring the relevant goods, services or works and must be made by completion of an Exception Form.
- 57.3 When considering whether to request an Exception, relevant Procuring Officers should have regard to the following matters before putting forward a request/form for an exception: -
- a) That any deviation from the requirements of procurement law and/or these Rules is justified by the likely impact of a failure to approve an exception.
 - b) That the proposed procurement mechanism is appropriate and will still ensure that the Council obtains good value for money.
 - c) That the approval of the exception does not conflict with organisational objectives.

Part 4G Contract Procedure Rules

- d) That, where appropriate, relevant advice (including legal or expert advice) has been obtained.
- e) That procurement risks have been identified and mitigated.
- f) That plans are in place to bring the Council into a state of compliance at the earliest available opportunity.
- g) The Exception Form is an online form (link) and includes the requirements to provide:
 - (i) the background/context to the situation including value.
 - (ii) the full reasons for the request.
 - (iii) the Rule an Exception is sought in respect of.
 - (iv) the justification for needing an Exception.
 - (v) the proposal for ensuring an Exception is not required again in the future.

The approvals required for Exceptions are as follows:

Estimated Value of Contract (excluding VAT)	Approval Required from
57 (a) £5,000 – £99,999	• Appropriate Chief Officer in consultation with Commercial Specialist* and • Corporate Procurement Board. Involvement of Supplier Relationship Manager to ensure value for money is attained. In the case of ESPO Corporate Procurement Board is replaced by Contracts Panel.
57 (b) For Goods/Services: £100,000 – up to Relevant Procurement Threshold For Works and Light Touch Contracts: £100,000 - up to £499,999	• Appropriate Chief Officer in consultation with Commercial Specialist*. • Corporate Procurement Board. • Assistant Director for Finance. Involvement of Supplier Relationship Manager to ensure value for money is attained. In the case of ESPO Assistant Director for Finance is replaced by Commercial Financial Controller and Procurement Board is replaced by Contracts Panel.
57 (c) For Works and Light Touch Contracts: £500,000 - up to Relevant Procurement Threshold	• Appropriate Chief Officer in consultation with Senior Commercial Specialist* • Corporate Procurement Board. • Director of Corporate Resources.

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Estimated Value of Contract (excluding VAT)	Approval Required from
	Involvement of Supplier Relationship Manager to ensure value for money is attained.
57 (d) Relevant Procurement Threshold and above	• Appropriate Chief Officer in consultation with Senior Commercial Specialist* • Corporate Procurement Board. • Director of Corporate Resources. • Director of Law and Governance. Involvement of Supplier Relationship Manager to ensure value for money is attained. A lesson learnt, mitigations and action plan must be completed by the department and submitted with the request for Exception. Further clarification in the form of a panel review by the Director of Corporate Resources and Director of Law and Governance may be necessary. Director of Corporate Resources and Director of Law and Governance may in consultation with the relevant Lead Member and Lead Member Resources determine that the request requires further consideration and or approval by the Cabinet. The requesting department would be responsible for ensuring Cabinet approval is sought where necessary. In the case of ESPO, approval must be sought from ESPO Management Committee where it is satisfied that an Exception is justified on its merits. In an urgent case the Chief Officer in consultation with the Chairman or Deputy Chairman of the ESPO Management Committee (save where this is not practicable) may direct that an Exception be made subject to this being reported to the next meeting of the ESPO Management Committee.

*Commercial Specialist or Senior Commercial Specialist may at times escalate to Head of Procurement and Supply Chain Management.

[end of Contract Procedure Rules]