Leicestershire County Council

Meeting: **Scrutiny Commission**

Date/Time: **Wednesday, 29 October 2025 at 2.00 pm**

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

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

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Membership

Mrs D. Taylor CC (Chairman)

Dr. J. Bloxham CC	Mrs. K. Knight CC
Mr. M. Bools CC	Mr. M. T. Mullaney CC
Mrs. L. Danks CC	Mr. O. O'Shea JP CC
Dr. S. Hill CC	Mr. B. Piper CC
Mr. A. Innes CC	Mr J. Poland CC
Mr. P. King CC	Mr. K. Robinson CC

AGENDA

Item		Report by	
1.	Minutes of the meeting held on 8 September 2025.		(Pages 3 - 14)
2.	Declarations of interest in respect of items on the agenda.		
3.	Declarations of the Party Whip in accordance with Overview and Scrutiny Procedure Rule 16.		
4.	Local Government Reorganisation The views of the Scrutiny Commission are sought as part of the engagement exercise being undertaken to help shape the County Council's business case for local government reorganisation. A presentation will be	Chief Executive, Director of Corporate Resources, and Director of Law and Governance	

provided as part of this item which will cover the following:

- Introduction
- Criteria for decision making
- Options considered
- Financial case
- Benefits to service delivery
- Key to devolution
- Community engagement/neighbourhood empowerment
- Democracy and governance
- Implementation and transformation plan
- Engagement and feedback themes
- Conclusion

Mr D. Harrison CC, the Leader of the Council, Mr K. Crook CC, the Deputy Leader, and Mr H. Fowler CC, Lead Member for Resources, have been invited to attend for this item.

5. Date of next meeting.

The next meeting of the Commission is scheduled to take place on Monday, 10 November 2025.

Agenda Item 1

Leicestershire County Council

Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Monday, 8 September 2025.

PRESENT

Mrs D. Taylor CC (in the Chair)

Dr. J. Bloxham CC
Mr. M. Bools CC
Mrs. L. Danks CC
Dr. S. Hill CC
Mr. A. Innes CC
Mr. P. King CC
Mrs. K. Knight CC
Mr. M. T. Mullaney CC
Mr. B. Piper CC
Mr J. Poland CC
Mr. C. A. Smith CC

18. Minutes.

The minutes of the meeting held on 24th June 2025 were taken as read, confirmed and signed.

19. Question Time.

The following question, received under Standing Order 34 of the County Council's Constitution, was put to the Chairman of the Scruitny Commission:

Question asked by Mr Stares

At the Cabinet meeting on 15 July, in Item 4 the Cabinet noted it "needs to continue to make progress in closing the current MTFS gap to allow a balanced budget position to be presented to the County Council for approval in February 2026." What progress has been made towards closing the budget gap, are any plans being made to cut levels of service provision?"

Reply by the Chair

The MTFS and budget gap continues to be a focus for Cabinet and Chief Officers, and there is a wide range of activity ongoing to ensure that the Council can set a sustainable budget and MTFS in February.

The Council is commissioning an external efficiency review which will be an independent assessment of the potential opportunities for cost reductions or to generate service income. The procurement process was launched last week and is due to be complete by the end of October, which will enable work to start on the review in November. Any impact on future service delivery will be considered as part of the recommendations from the review.

Alongside this, Council officers continue to make progress on savings under development and accelerating existing savings initiatives. Demand in social care services continues to grow and focus on managing this will be crucial.

The Scrutiny Commission will receive a further report in December setting out the Council's draft budget proposals. This will give further information on progress with savings delivery and the efficiency review.

Mr Stares asked on the response to the question whether it was standard to have an external review or whether this was new for 2025 and how much the review was expected to cost.

At the invitation of the Chairman, the Director of Corporate Resources responded to confirm that it was standard both in this council and others to seek outside support to conduct reviews. However, this would be a new review and not a continuation of anything from previous years. The Council had gone out for competitive tender. The costs would not therefore be known until that process had been completed.

The Chairman thanked Mr Stares for his questions.

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

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

21. Urgent items.

There were no urgent items for consideration.

22. Declarations of interest.

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

No declarations were made.

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

There were no declarations of the party whip.

24. Presentation of Petitions under Standing Order 36.

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

25. Medium Term Financial Strategy - Budget Monitoring and Strategy Update

The Committee considered a report and a supplementary report of the Director of Corporate Resources which provided an update on the County Council's short and medium term financial position in light of the current economic climate and detailed changes proposed to the previously agreed 2025-29 capital programme following the latest review. The report also set out the specific revenue budget monitoring position as

at the end of Period 4 (the end of July). A copy of the report marked 'Agenda Item 8' is filed with these minutes.

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

(i) Members raised significant concerns about the Council's current financial position and the level of progress being made to deliver a proposal for a balanced budget for 2026/27. Noting the Cabinet's stated position that it would not make service cuts, Members asked the Leader to outline some of the savings being considered to meet the current financial gap of £38m in 2026/27. The Leader confirmed there was no intention to cut services. He agreed the financial challenges faced by the Council were considerable but commented that this had been the position for some years and suggested that a new approach was now needed. The Leader confirmed that the planned efficiency review, the procurement for which was underway, would be critical in guiding the Council's approach through the next phase of the MTFS.

(ii) Members asked the Leader for specific examples of savings already being worked upon pending the outcome of the review. Serious concerns were expressed about the limited time available before the draft budget was due to be presented to the Cabinet in December ready for public consultation. The Leader stated that it would not be appropriate to give examples at this time as he did not want to jeopardise the ongoing procurement process or what the appointed consultants might ultimately propose. The Leader assured members that the outcome of the efficiency review would feed into the budget process and that members would be made aware of proposals and be able to comment at that time.

(iii) Members noted that the savings under development listed in Appendix D were not yet sufficiently detailed to include within the MTFS but they had traditionally been included within reports to provide members with early visibility of areas being considered and work being undertaken by officers. The Director confirmed that some might be included for the next budget and others would feature in future years.

(iv) In response to further questions, the Director clarified that the consultants appointed would be instructed to take a mixed approach and identify new savings but also accelerate and/or grow existing initiatives. The review was not expected to be complete before savings could be included in the MTFS. Some could be identified quickly and incorporated into the MTFS early on, whilst others might be more complex and therefore take more time to deliver. Members were also assured that the procurement had been prepared to ensure that whilst the initial review to identify savings would be undertaken at a cost, come the implementation phase, payment of the consultants' fees would be dependent on the delivery of the savings identified. Members requested that a copy of the tender documents be shared with members of the Commission for information.

(v) Members noted that the tender documents made clear the expectation that savings identified would meet the current financial gap in the MTFS. The Director explained that whilst proposals would be put forward by the consultants these would also be considered by officers to ensure a local view and service impacts could be taken into account and presented to the Leader and his Cabinet for consideration.

(vi) In light of the report now presented, members asked the Leader if he still planned to deliver on his election promise to cut council tax. Several members challenged, that whilst they would all prefer to cut council tax for their residents, this was currently unrealistic and unfeasible. They emphasised that the Council had no other sources of income it could raise to mitigate against the financial gap to be addressed and that a reduction in council tax would only increase the level of savings to be delivered. The Leader reiterated that he and his Group were commitment to low taxes and reducing costs for the public but emphasised that the outcome of the efficiency review would be essential in considering how this might be achieved. It was acknowledged that efficiencies would need to offset any council tax reductions.

(vii) It was noted that a council tax increase had been assumed within the current budget of 2.99%. The Director confirmed that a 1% council tax increase equated to £4m. Members further reiterated concerns that a council tax freeze could equate to an additional £12m in savings having to be identified which would increase year on year over the period of the MTFS.

(viii) The Director, as the Council's Section 151 Officer, confirmed in response to further questions raised, that it was too early in the process to comment on the deliverability of a council tax freeze or reduction. In addition to the outcome of the review, the Government's budget would not be received until November and the local government finance settlement expected in December. As a result, the draft budget presented to Cabinet in December might include a range of options for public consultation regarding council tax levels. The Director advised that council tax levels would be considered in the usual way which was at the end of the budget process when all other factors had been considered.

(ix) Some Members reaffirmed their concerns that the Cabinet would be able to bring forward a fully costed and worked up budget by February 2026 that could not only deliver the savings necessary to bridge the funding gap, but also potentially deliver a council tax freeze or cuts, even with external support. The Leader suggested that as the new Leader, new strategic plans would be developed to tackle the budget and whilst this would take time, detail would be shared with members as progress was made.

(x) It was emphasised that the Council's low funded position remained a critical factor in the financial challenges it now faced and members questioned what the Leader had done since his appointment in May to continue to address fair funding with Government. The Leader confirmed that he had written to MPs on this issue but that, as yet, no response had been received. He emphasised that despite work done previously to change the local government funding formula, no real progress had been made and so this could not be relied upon. The Leader stated that the Council's budget had to be addressed locally, and bringing in external expertise to assist was the best approach. Members requested that a copy of the Leader's letter to MPs be shared with all members of the Commission for information.

(xi) In response to questions regarding Reform's DOGE unit, the Leader confirmed that it had been invited to the County Council. However, he felt the appointment of an external consultant would still be the best approach to address the particularly high level of savings the County Council was required to deliver. The Leader reiterated his view that the appointment of external consultants would be the best way forward despite the costs this would incur. Some Members questioned what the costs

would be, but it was noted that these would be determined through the competitive tender process.

(xii) The High Needs Block deficit continued to rise at unprecedented levels. The Director confirmed that growth had been estimated at 7% based on previous growth trends. However, this was now forecasted to rise by 22% above budget estimates based on current trends. It was noted that the recent increase was being seen nationally and likely as a result of proposed national reforms being proposed by the Government. Following the announcement of proposed systemic changes the Children and Family Services Department, like others across the country, had seen an increase in the number of applications received from schools and parents seeking additional support.

(xiii) Growth in High Needs expenditure had been a long-standing issue and growth could fluctuate from year to year making it difficult to forecast. Members noted that a scrutiny workshop had been scheduled in October to provide members with more detail on the Council's Transforming Special Educational Needs in Leicestershire Programme aimed at managing and reducing such demand pressures and related costs.

(xiv) Whilst an £80m gap in the capital programme had been forecast it was too early to determine if any priority projects might be at risk. It was noted that higher inflation and borrowing costs affected the affordability and planning of capital projects. These would therefore be reviewed and reassessed as part of the overall refresh of the MTFS.

RESOLVED:

(a) That update on the County Council's short and medium term financial position in light of the current economic climate and changes proposed to the previously agreed 2025-29 capital programme following the latest review be noted;

(b) That the specific revenue budget monitoring position as at the end of Period 4 (the end of July) be noted;

(c) That the comments now made by the Scrutiny Commission on the report be presented to the Cabinet for consideration at its meeting on 12 September 2025;

(d) That the Director of Corporate Resources be requested to circulate:

(i) a copy of the procurement documents for the appointment of an external consultant to carry out the planned strategic review;
(ii) a copy of the letter sent by the Leader to MPs regarding local government funding reform.

26. <u>Corporate Asset Management Plan 2022 - 2026 - Annual Performance and Strategy update 2024/25</u>

The Commission considered a report of the Director of Corporate Resources, the purpose of which was to set out the performance achieved against the Council's Corporate Asset Management plan during 2024-2025, outline changes in strategy and

provide detail of the work programmed for 2025-26. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

Arising from discussion, the following points were made:

(i) The Key Performance Indicators were mostly good. However, the difference between rental income and income return gave a mixed picture. The rental return appeared to slightly exceed target whilst the income return appeared to be well below target. It was questioned why this was case. The Director explained that the income return gave a comparison against wider average market returns. Performance on this measure was supressed due to the amount of rural land owned. By contrast, rental income, which showed year on year performance was good. Members noted that for rural land typically a 1% revenue return could be expected. Whereas for commercial land such as an industrial estate a return of 5 to 6% was more likely, with additional capital growth potential. It was noted that a portfolio heavily weighted towards rural land would always compare less favourably when compared to the open rental market. The Director emphasised, however, that rural land provided very good capital returns.

(ii) A Member commented that management of the Council's property portfolio, in particular the decision to establish the Investing in Leicestershire Programme, had provided the Council with a good source of income which had supported delivery of services over a number of years. This had included providing land to build new schools and improved infrastructure, as well as commercial units which created jobs and supported the local economy.

(iii) A Member questioned if the sale of some of the Council's assets to support council tax cuts in its next budget would be a considered. The Leader commented that budget proposals would be developed once the external service review had been undertaken. The Director advised that legally it was not possible to sell land to replace lost income through council tax cuts. The financial rules governing local authorities did not permit capital income to be used fund revenue expenditure. It was also noted that asset sales were a normal part of management of the Council's corporate estate. The estate changed over time to ensure this continued to support delivery of Council services and generate a good income.

(iv) Concern was expressed that 50% of projects were shown as not being completed on time which inevitably came with cost implications or delays in the receipt of income for the Council. It was suggested that the Council's financial position no longer allowed for projects to drag on longer than expected and a member questioned what could be done to improve this. It was noted that with any largescale construction project delays occurred for a wide range of reasons, environmental factors being a key example. It was noted, however, that resourcing was a key factor, the Council often having to seek grant funding as part of a project which could be delayed for reasons outside the Councils control. Procurement rules applicable to public sector organisations also provided some challenges, lengthening the process compared to other sectors.

RESOLVED:

That performance against the Council's Corporate Asset Management Plan during 2024-25, strategy changes and detail of work programmed for 2025-26 be noted.

27. Investing in Leicestershire Programme Annual Performance Update 2024/25

The Commission considered a report of the Director of Corporate Resources, the purpose of which was to set out the performance of the Investing in Leicestershire Programme (IILP) in 2024-25. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

Arising from discussion, the following points were made:

(i) Whilst the report suggested strong financial returns had been achieved, some Members argued that this was not the case and that the performance of some of the IILP investments had been poor with the overall position only having been boosted by the revaluation of the rural estate. The Director agreed that across the portfolio there had been mixed performance during 2024/25. He suggested, however, that this would always be the case with such a varied portfolio.

(ii) A Member challenged the comparisons being made to demonstrate performance of the fund. They suggested that comparing returns against holding cash was not appropriate and not a fair comparison of risk verses return. The Director explained that the comparison stemmed from when the Council first chose to invest in non-direct property investments. At that time the Council's cash holdings were producing very poor returns below the rate of inflation. The non direct property investments had been undertaken as an alternative, to boost the Council's income compared to its traditional cash holdings.

(iii) A Member commented that interest rates on cash holdings were now much better and would likely outperform the return provided by the IILP. It was noted that the percentage return on income over the whole fund might appear low. However, nearly half (47%) of the fund related to rural land which it was known did not provide a high rate of revenue return. The other portion was held in development land which would provide a much higher rate of return in the long term through capita growth. At present this had not been seen as many sites were still in the development phase or not yet fully let. Members noted that the income returns if the in-development and rural land were excluded would be approximately 5.4% which was higher than the average return on cash holdings. The Council also benefited separately from capital returns which continued to perform well (6.6%).

(iv) Whilst concerns about performance had been raised in previous years, a Member emphasised that the IILP delivered wider benefits than revenue and capital returns. It helped bring forward land for development and much needed housing across Leicestershire. It also invested in the development of local industrial units to support local businesses, create jobs which benefited the local economy.

(v) The Council held £231.8m in direct property assets. In addition, it held £61m in non-direct property investments which had been made to spread risk through diversification. A Member commented, however, that as a significant proportion of those investments were in pooled property funds and therefore subject to the same liquidity risks as direct property assets, this was not true diversification. They suggested that other types of investment which did not share the same risks could be made which would likely perform better, for example, investments in equities which over the long term outperformed all types of other investment. The Director confirmed that a wider group of diversifiers were being considered and that options would be presented to the IILP Board shortly which would include an

option to invest in equities.

(vi) Some members expressed concern at proposals to potentially invest in equities, suggesting this was too high a risk given the Council was managing council taxpayer's money and so had a duty to ensure a higher degree of security compared to private companies and investors.

(vii) It was noted with some disappointment that two of the property funds invested in had been wound up early which had resulted in some capital losses to the Council. The Director agreed that this had been unfortunate and not a decision the Council would have chosen to take. Members noted that there was always a degree of risk with these types of investments. As they were managed on behalf of a large number of investors, the Council did not have overall say in the timing of the fund closures. In these cases, most investors wished to redeem their investments which had resulted in a forced liquidation.

(viii) Members raised concerns regarding past management of the rural estate and delays in carrying out revaluations and rent reviews. It was questioned if this had resulted in higher than average rent increases during the 2024/25 period. Members noted that all rural tenancy agreements included provisions for carrying out rent reviews and that these were based on current market rents. Two sets of reviews had been carried out in Autumn 2024 and Spring of 2025. The Director advised that the increases on average were not substantial, but where tenants had clear difficulties the increase was phased in over an agreed period of time. Members commented that as custodians of the rural estate this should be managed more efficiently going forward as sudden increases in rent did not support farmers and delayed the receipt of much need income to the Council.

RESOLVED:

(a) That the performance of the Investing in Leicestershire Programme (IILP) in 2024-25 be noted;

(b) That the Director be requested to provide, at a future meeting, a more detailed overview of the IILP, the investments made, the level of risk and returns achieved and proposals for its future direction.

28. <u>East Midlands Shared Service Annual Performance Update 2024/25</u>

The Commission considered a report of the Director of Corporate Resources, the purpose of which was to provide a summary of the performance reported to the Joint Committee of East Midlands Shared Services for 2024/25 and an update on progress against strategic priorities in 2025. A copy of the report marked 'Agenda Item 11' is filed with these minutes.

Arising from discussion, the following points were made:

(i) Members welcomed the report noting the positive performance achieved over the last year. It was noted that best practice from the private sector had been considered and similar approaches adopted where appropriate to drive improvement across the Service.

(ii) In response to questions raised, the Director confirmed that the Service offered an early payment option in return for a small rebate which helped suppliers but also generated a small income for the Council.

(iii) The 'no purchase order, no pay policy' had now gone live. This placed the onus on suppliers to ensure their invoices were valid. If found to be invalid, invoices were now simply rejected which had cut down on unnecessary administration. Having to raise a purchase order for all invoices also now allowed for closer monitoring to ensure compliance with internal spend controls.

(iv) A Member queried the requirement to pay suppliers within 30 days which seemed extremely short compared to other sectors. It was noted that it was a legal requirement for councils to pay 'trade suppliers' within 30 days. Whilst the Service managed other types of payments such as benefit payments and pension payments which fell outside this statutory requirement, the same approach was adopted so far as possible.

(v) A Member referred to past difficulties experienced in communicating with Nottingham City Council and delays in the undertaking of annual audits which it was responsible for. It was noted that the situation had improved and whilst it had been a difficult year, the audit for 2023/24 had been completed and the audit planned for 2024/25 was due to start later in September.

(vi) It was questioned whether low feedback figures from staff indicated general contentment with the service and systems operated. The Director confirmed that whilst that might be the case, this could not be presumed and so requests for feedback continued to be raised with senior managers and heads of service across Nottingham City Council and the County Council. It was considered important to encourage staff to engage and provide feedback. This ensured development of the service to continue to meet both organisations changing needs.

(vii) The introduction of AI meant reporting was now automated utilising fusion analytics data. This used to be a labour intensive and time consuming task that could now be completed much more efficiently. The validation and receipting of invoices had also been automated. A Member questioned if this might result in a reduction in staffing. It was noted that at present the focus had been on building capacity, enabling staff to work on other areas and deliver new opportunities without additional resources being required. AI and automation had delivered wider benefits too like improved accuracy, improvement in the customer experience and the implementation of more timely processes.

(viii) It was noted that a training program had been introduced to support all staff in utilising AI systems such as Microsoft co-pilot. This assisted in improving communications, and standardising processes. Oracle guided learning had also been used to provide on-screen prompts and real time guidance for staff.

(ix) Regarding the possible effect of local government reorganisation, it was noted that the Service did face some challenges, but as existing unitary authorities still had high transaction levels across service areas not currently provided through EMSS there would be opportunities for expansion. Members noted that a dedicated project team had been established to consider the likely areas of impact from LGR

so that processes could be established early to manage these.

(x) Oracle Fusion provided a managed support service across its systems. During a period of stabilisation following implementation this had not performed as expected. An additional post to manage the contract had therefore been introduced and a reduction in cost had been negotiated with Oracle for its support services over an extended period.

RESOLVED:

That the performance of East Midlands Shared Services for 2024/25 and the progress made against strategic priorities in 2025 be noted.

29. Corporate Complaints and Compliments 2024/25

The Commission considered a report of the Director of Corporate Resources, the purpose of which was to present the Corporate Complaints and Compliments Annual Report, covering the period from 1 April 2024 to 31 March 2025. A copy of the report, marked 'Agenda Item 12', is filed with these minutes.

Arising from discussion, the following points were made:

(i) Root cause analysis was undertaken in respect of all complaints received and to identify common themes which supported improvements being made to processes and practices both within departments and the Corporate Complaints Service.

(ii) Whilst closely monitored, response times to complaints could vary considerably. It was noted that all complaints were investigated to identify if there was any fault on the part of the County Council. Depending on the complexity of the matter concerned impacted the speed with which those investigations could be carried out.

(iii) Work was taking place to refine how complaints and general enquiries were managed to ensure that issues were routed correctly and handled promptly. In particular, to ensure enquires received, which were not necessarily complaints, were redirected quickly to departments for response.

(iv) Efforts were underway to use artificial intelligence (AI) technology where possible to support in the drafting of responses to similar complainants. Although these would continue to be prepared on an individual, personalised basis, utilising AI did offer some efficiencies to speed up parts of the process.

(v) Members raised concerns that sometimes departments added to delays by not responding to the Corporate Complaints Service regarding complaints received. It was emphasised that responsibility for complaints ultimately rested with departments and that its timely response was critical and should be escalated when this occurred.

(vi) Members emphasised the importance of good communication with service users, which if done correctly helped to avoid complaints in the first instance. Communication during the complaints process also helped to ensure complaints did not escalate further. Members agreed that this should continue to be a key area of focus for improvement across all service areas.

(vii) Members noted the challenges presented by delays in Special Educational Needs assessments and Education and Health Care Plan process wait times which affected the number of complaints received. Members noted work taking place to address these areas within the Children and Family Services Department through the TSIL Programme but expressed concern that this added to the increasing cost pressures faced by the County Council.

(viii) A member suggested the use of a 'mystery shopper' approach which might be beneficial in identifying areas for improvement within departments where service users are experiencing frustration which can lead to complaints.

(ix) It was recognised that capturing compliments was equally important to recognise the good work of officers. Whilst the Authority sought to capture these both formally and informally, it was suggested more could be done.

RESOLVED:

That the Corporate Complaints and Compliments Annual Report, covering the period from 1 April 2024 to 31 March 2025, be noted and the comments now made be presented to the Cabinet at its meeting on 12 September 2025 for consideration.

30. Date of next meeting.

RESOLVED:

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

10.00 am - 13.11 pm
08 September 2025

CHAIRMAN

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