Meeting:	**Scrutiny Commission**
Date/Time:	**Wednesday, 2 September 2026 at 10.00 am**
Location:	**Sparkenhoe Committee Room, County Hall, Glenfield**
Contact:	**Mrs J Twomey (Tel: 0116 305 2583)**
Email:	**joanne.twomey@leics.gov.uk**

Membership

Mrs D. Taylor CC (Chairman)

Mr. J. Boam CC	Mr. M. T. Mullaney CC
Mr. M. Bools CC	Dr. D. North 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
Mrs. K. Knight CC	Mr. C. A. Smith CC

Please note: this meeting will be filmed for live or subsequent broadcast via the Council's website http://www.leicestershire.gov.uk – Notices will be on display at the meeting explaining the arrangements. Those attending the meeting, including in the public gallery, are entitled to film, record and report the public proceedings of meetings they are permitted to attend, in accordance with the Council's Standing Orders. This right relates to the proceedings of the meeting. Attendees are asked not to deliberately photograph, film, zoom in on, retain, publish or circulate the contents of members' or officers' laptop, tablet or phone screens, as these may contain confidential, exempt, personal or sensitive information. Anyone who believes they may have inadvertently captured such information should not publish or share it and should notify Democratic Services.

AGENDA

Item		Report by	
1.	Minutes of the meeting held on 10 June 2026.		(Pages 5 - 12)
2.	Question Time.		

3.	Questions asked by members under Standing Order 32 (1).		
4.	To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.		
5.	Declarations of interest in respect of items on the agenda.		
6.	Declarations of the Party Whip in accordance with Overview and Scrutiny Procedure Rule 16.		
7.	Presentation of Petitions under Standing Order 33.		
8.	Leicestershire County Council's Strategic Plan 2026 - 2030	Director of Public Health, Communities, Law and Governance	(Pages 13 - 28)
9.	MTFS Monitoring and Strategy Update.	Director of Corporate Resources	(Pages 29 - 30)
10.	Investing in Leicestershire Programme Annual Performance Update 2025/26	Director of Corporate Resources	(Pages 31 - 66)
11.	Corporate Asset Management Plan Annual Performance Report 2026/25	Director of Corporate Resources	(Pages 67 - 84)
12.	Corporate Complaints and Compliments 2025/26	Director of Corporate Resources	(Pages 85 - 116)
13.	East Midlands Shared Services Annual Performance Update 2025/26	Director of Corporate Resources	(Pages 117 - 136)
14.	Dates of future meetings.		

Future meetings of the Scrutiny Commission are scheduled to take place on:

Wednesday, 11 November 2026 at 10am
Wednesday, 27 January 2027 at 10am
Wednesday, 10 March 2027 at 10am
Wednesday, 16 June 2027 at 10am
Wednesday, 15 September 2027 at 10am
Wednesday, 10 November 2027 at 10am

15. Any other items which the Chairman has decided to take as urgent.

QUESTIONING BY MEMBERS OF OVERVIEW AND SCRUTINY

The ability to ask good, pertinent questions lies at the heart of successful and effective scrutiny. To support members with this, a range of resources, including guides to questioning, are available via the Centre for Governance and Scrutiny website www.cfgs.org.uk. The following questions have been agreed by Scrutiny members as a good starting point for developing questions:

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

Members are reminded that, to ensure questioning during meetings remains appropriately focused that:

(a) they can use the officer contact details at the bottom of each report to ask questions of clarification or raise any related patch issues which might not be best addressed through the formal meeting;

(b) they must speak only as a County Councillor and not on behalf of any other local authority when considering matters which also affect district or parish/town councils (see Articles 2.03(b) of the Council’s Constitution).

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Leicestershire County Council

Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Wednesday, 10 June 2026.

PRESENT

Mrs D. Taylor CC (in the Chair)

Mr. J. Boam CC
Mr. M. Bools CC
Mr. A. Innes CC
Mr. P. King CC
Mrs. K. Knight CC
Mr. M. T. Mullaney CC
Dr. D. North CC
Mr. B. Piper CC
Mr J. Poland CC
Mr. K. Robinson CC
Mr. C. A. Smith CC

1. Appointment of Chairman.

RESOLVED:

That it be noted that Mrs D. Taylor had been appointed Chairman of the Scrutiny Commission in accordance with Article 6.05 of the County Council's Constitution.

2. Appointment of Deputy Chairman.

RESOLVED:

That it be noted that Mr M. Mullaney CC had been appointed Deputy Chairman of the Scrutiny Commission in accordance with Standing Order 29 of the County Council's Constitution.

3. Minutes or ordinary meeting held on 22 April 2026.

The minutes of the meeting held on 22 April 2026 were taken as read, confirmed and signed.

4. Minutes of Special Meeting held on 11 May 2026.

The minutes of the special meeting held on 11 May 2026 were taken as read, confirmed and signed.

5. Question Time.

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

6. 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).

7. Urgent Items.

There were no urgent items for consideration.

8. 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.

Mrs Taylor CC declared a non-registerable interest in agenda item 12 (Annual update on the Traded Services Strategy, School Food Service and Beaumanor Hall), as Beaumanor Hall was located in her division.

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

There were no declarations of the party whip.

10. Presentation of Petitions under Standing Order 36.

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

11. Provisional Revenue and Capital Outturn 2025/26.

The Commission considered a report of the Director of Corporate Resources, the purpose of which was to set out the provisional revenue and capital outturn for 2025/26. A copy of the report marked 'Agenda item 11' is filed with these minutes.

Introducing the report, the Lead Member for Resources advised that the outturn position represented good stewardship of the Council's finances and provided some headroom, an underspend now having been achieved.

Arising from discussion, the following points were made:

(i) The Dedicated Schools Grant (DSG) comprised of three separate funding blocks; funding for schools, early years and high needs. It was noted that whilst the high needs block had a forecasted deficit of £99m as at the end of the financial year, the other two were underspent. As each funding block was ring fenced, the underspends could not be used to address the high needs deficit.

(ii) Members noted with concern that the Government's methodology would use the net DSG deficit when calculating the level of funding the Council would receive. This would mean that underspends in other blocks would reduce the level of grant support received and so would not address the deficit but in fact, make the position worse. Members noted that lobbying was taking place through bodies including the County Councils Network and County Treasurers to seek to amend this. It was suggested that, if Government intended to use underspends in other blocks to offset the deficit, there should also be greater flexibility to enable those underspends to be applied where pressures existed.

(iii) Members asked what would happen to future high needs block deficits, in the context of local government reorganisation. It was explained that Government support had been confirmed in relation to the deficit as at 31 March 2026, but further guidance had not yet been received regarding future deficits, other than indications that support would be 'fair and proportionate'. The Commission noted that the statutory override was due to remain in place until 2028 and that if local government reorganisation proceeded, any deficit would need to be apportioned between successor authorities in accordance with Government guidance issued at that time.

(iv) In response to a question, members were advised that reserves of approximately £60 million were held against the forecasted high needs block deficit of £99 million.

(v) Regarding the use of unregistered placements to house children in care, it was explained that these were used only when no other suitable options were available. The costs reflected issues of supply and demand within the care market and the limited availability of placements for children the complex care needs, including where intensive individual care was required.

(vi) Members discussed recruitment-related underspends and whether the use of agency staff and temporary contractors might be more expensive. It was explained that a range of approaches were used to manage vacancies. Where roles were essential, agency cover might be required, although this did not carry all of the same employment costs (e.g. holiday and sick pay and pension costs). In other cases, services might manage vacancies through other arrangements, including overtime or honoraria payments to existing staff, where appropriate.

(vii) In response to a question regarding the Pan Regional Transport Model operated by the Growth, Environment and Transport Department, it was explained that the model was used to understand traffic flows when developing road schemes and that the Council could generate income by making it available to other councils. Funds were held to support future refreshes of the model.

(viii) Members queried delays in the SEND capital programme where land was Council owned. It was explained that, even where land was owned by the Council, site investigations, planning and other procedural requirements still had to be undertaken and often subject to timescales outside the Council's control.

(ix) Members questioned the extent to which savings identified in the Efficiency Review relied upon demand in high-cost services naturally reducing or stabilising. The Lead Member for Resources stated that the review did not rely on a natural flattening in demand but included initiatives designed to specifically reduce demand and to better support people in lower-cost provision. It was acknowledged, however, that the measures proposed would take time to deliver and so savings would be spread across the full period of the MTFS.

(x) Members expressed concern regarding delays in the delivery of the Lutterworth East Strategic Development Area scheme, noting the growing need for housing and infrastructure in the area. It was explained that the development process was complex, and future infrastructure would be dependent on delivery of the B8 employment land forming part of the site.

(xi) A member suggested that large capital projects should be reviewed once completed, particularly the Melton Mowbray Distributor Road (MMDR), given the rise in costs over the life of such a long term scheme. The Director advised that a review had already been initiated and that consideration would be given to how the findings could be shared with members. It was noted that previous reports to the Cabinet had set out the reasons why additional funding had been required at each stage and that factors such as weather, inflation and site conditions had all contributed. It was suggested that a report to scrutiny bringing this information together to identify lessons learnt for future schemes would be helpful. The Chairman of the Growth, Highways and Transport Overview and Scrutiny Committee reported that it had also recently considered a report regarding the delivery of the MMDR which could be shared with Commission Members.

(xii) A member asked about the lack of use of the allocated central contingency of £8m and if it was being suggested that this would no longer be needed. It was explained that the proposed use related only to possible risks in 2025/26 which had fortunately not come to fruition. However, whilst not needed in 2025/26, it did not remove the need to retain risk contingencies for future years.

(xiii) Members discussed the Leicestershire County Council Investment Portfolio, particularly exposure to the office market and voids. The Lead Member for Resources advised that the Council was aware of changing market conditions, including lower than expected office use, and was looking to move away from over-reliance on that sector. The Director confirmed that the Strategy was reviewed regularly as part of the MTFS. The Commission noted that, although office sector performance had been weaker than anticipated, the overall portfolio had performed ahead of expectations. The Lead Member further emphasised that returns did not show the whole picture, and that other benefits, particular relating to the rural estate were delivered through the portfolio.

(xiv) Members queried demand-led overspends and the level of confidence officers had in future forecasts. It was explained that demand and future growth were considered as part of the MTFS planning process, and that demand management activity in adult social care and children’s services was beginning to have an impact.

RESOLVED:

(a) That the provisional revenue and capital outturn for 2025/26 be noted;

(b) That consideration be given to how the lessons learned from the delivery of long term, large scale capital schemes, including the Melton Mowbray Distributor Road, with particular focus on the financial progression of the scheme, should be reported to scrutiny.

12. Change to the Order of Business.

The Chairman sought and obtained the consent of the Commission to vary the order of business from tat set out on the agenda for the meeting.

13. Leicestershire County Council's Customer Experience Strategy - Update on Delivery Progress.

The Commission considered a report of the Director of Corporate Resources, the purpose of which was to advise of progress in delivering the Customer Experience Strategy and on overall customer experience performance across the Council. A copy of the report marked ‘Agenda item 13’ is filed with these minutes.

Arising from discussion, the following points were made:

(i) Members welcomed improvements in the Customer Service Centre, noting that responses to councillors appeared to be quicker and that performance had improved. However, members continued to raise concerns about the Council’s website, particularly the ease with which residents could find information and complete tasks online.

(ii) Members noted that an artificial intelligence chatbot was being tested internally and in selected service areas, including the Customer Service Centre and service desk. The technology had been effective in helping staff access information quickly and had supported call handling in sensitive circumstances. The Director confirmed that permission would shortly be sought to make the chatbot live for public use, following consideration by relevant customer and internal panels. The initial purpose would be to help residents locate information on the website more easily. Further development could include enabling the system to assist residents in completing actions, rather than simply directing them to forms.

(iii) Members emphasised the need for proper safeguards around the use of artificial intelligence. Officers explained that the Council’s approach was based on ensuring that decisions remained traceable, accountable and transparent, and that artificial intelligence should not make decisions affecting residents without human oversight. A Member suggested that involving councillors in testing improvements to the website and chatbot would be beneficial as they often had to support residents with this. The Director undertook to arrange a briefing for all members and to seek feedback.

(iv) Members raised the potential for artificial intelligence to be considered as a separate scrutiny item or through a member working group, including its wider opportunities, risks and implications for the workforce. The Lead Member agreed that officers should consider how members could be involved in this area of work and the Director undertook to consider this further.

(v) In response to concerns regarding the impact local government reorganisation could have on customer access, it was noted that work was taking place with district councils to better understand the services they currently provided to support the future design of customer services under whichever structure was ultimately adopted. The Director reported that learning from authorities that had already undergone similar reorganisations would form part of this work. The Commission noted that customer protection would be a key area of work during any transition.

(vi) It was noted that overall call volumes included calls made directly to officers as well as those handled by the Customer Service Centre. Calls handled by the Customer Service Centre had higher answer rates. Resource planning was undertaken, and in some circumstances, such as times of severe weather, call volumes could increase significantly, and priorities would need to be managed to accommodate this. Self-service options and a call-back facility were also being explored.

(vii) Members asked about follow-up processes where residents needed to query a response. The Director advised that there were processes to enable customers to get back to the relevant adviser, usually through a contact number and reference number. It was noted that, in some Highways cases, more than one reference number might be used, although either should allow officers to locate the original enquiry.

(viii) Members noted a reduction in visits to County Hall and were advised that visits were monitored and the fall in numbers could be for a wide range of reasons. It was suggested that improved online access would have contributed to reduced face-to-face demand, although fluctuations during the year were also likely.

(ix) Members welcomed the reduction in complaints and the overall improvements achieved since the Strategy had been introduced.

RESOLVED:

(a) That the update on progress in delivering the Customer Experience Strategy and overall customer experience performance across the Council be noted and welcomed;

(b) That the Director be requested to enable members to preview and test the website improvements and the proposed use of an artificial intelligence chatbot, with feedback to be sought from members;

(c) That the Director be requested to give further consideration to scrutiny involvement in the Council's use of artificial intelligence.

14. Annual update on the Traded Services Strategy, School Food Service and Beaumanor Hall Engagement.

The Commission considered a report of the Director of Corporate Resources, the purpose of which was to provide an update on the performance of Leicestershire Traded Services (LTS) during 2025/26 and the progress towards existing the School Food service in 2026. The report also provided an update on the public engagement activity undertaken regarding the future of Beaumanor Hall. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

Arising from discussion, the following points were made:

(i) Members commented that, while Beaumanor Hall was an important historic asset with considerable potential, the Council might not be best placed to operate it as a hospitality or commercial venue, particularly given the financial pressures facing the

Authority and the likely future repair and maintenance costs for what was a listed building.

(ii) The importance of consulting local residents and interested groups was emphasised, noting the passion locally for Beaumanor Hall and the need to understand the wider value of the site to communities. Members suggested that specialist hospitality and business input would be important in developing realistic options.

(iii) Members noted that the engagement exercise undertaken was the first stage in building the business case for the future of Beaumanor Hall. Feedback from the public, local residents, businesses and relevant sectors would be used to inform options. It was acknowledged that investment would be required for as long as the Council owned the asset, although the level of investment would depend on the future operating model agreed upon.

(iv) Members sought further information regarding annual visitor numbers to the Hall and where they came from. A Member further asked what the cost or subsidy to the Council was per visitor. The Director advised that visitor data was more readily available for the education offer and that around 26,000 users came from the education sector across Leicestershire and further afield. Use of the Hall for weddings and conferences was, however, more difficult to analyse in the same way. He Director undertook to look into this and provide further details to the Commission after the meeting.

(v) In response to a question about whether Beaumanor Hall could ever make a profit or cover its costs, the Director advised that continuing with the current model would be unlikely to achieve this. Engagement and work with business experts indicated that the site would need a more focused offer and a revised operating model. It was noted that some shortlisted ideas were being explored and due diligence with specialists was underway. Members stressed the importance of early visibility and input in the proposed business case by scrutiny, given the current financial position of the Council. It was noted that proposals would likely be presented to the Adults and Cultural Services Overview and Scrutiny Committee in the Autumn but that the Scrutiny Commissioners would be invited to participate in that discussion.

(vi) The Lead Member for Resources acknowledged that the financial position was challenging but stated that the Council owed it to the County to consider all options properly before determining the future of the Hall. Early business modelling had identified potential opportunities, including use of the wider site, possible commercial uses, accommodation linked to weddings and events, and options that might support public-private partnership arrangements.

(vii) Some members expressed disappointment at the decision to cease the School Food Service, referring to its quality and the fact that it had previously generated a surplus. It was, however, acknowledged that the service operated in a challenging environment, with schools increasingly making decisions based on affordability and price and that whilst there had been some improvement during this financial year, the likelihood that more schools would seek alternative provision remained making the Service unsustainable for the long term.

(viii) In response to questions regarding staff redundancies arising from the closure of the Service, it was noted that out of around 800 frontline staff, the maximum number of redundancies was expected to be two, with work continuing to support redeployment or transfer to new providers. In relation to management and administrative posts, a maximum of 11 redundancies was anticipated, with redeployment support continuing. The Director advised that the final cost of redundancies could not be confirmed until processes had concluded.

RESOLVED:

(a) That the performance of Leicestershire Traded Services (LTS) during 2025/26 and progress towards exiting the School Food Service in 2026 be noted;

(b) That the Director be requested to provide further information on Beaumanor Hall visitor numbers and the cost or subsidy to the Council was per visitor;

(c) That the Scrutiny Commissioners be invited to join consideration of the proposed business case for Beaumanor Hall item when this was considered by the Adults and Cultural Services Overview and Scrutiny Committee.

15. Overview and Scrutiny Annual Report 2025 - 2026.

The Commission considered the draft Overview and Scrutiny Annual Report which summarised some of the key highlights of scrutiny work undertaken during 2025/26. A copy of the report marked ‘Agenda Item 14’ is filed with these minutes.

RESOLVED:

That the draft Overview and Scrutiny Annual Report 2025/26 be approved and submitted to the County Council in July 2026.

16. Date of next meeting.

RESOLVED:

It was noted that the next meeting of the Commission would be held on Wednesday, 2 September 2026 at 10.00am.

10.00 am - 12.06 pm CHAIRMAN
10 June 2026

Leicestershire County Council

SCRUTINY COMMISSION: 2 SEPTEMBER 2026

STRATEGIC PLAN (2027 – 2031)

REPORT OF THE DIRECTOR OF PUBLIC HEALTH, COMMUNITIES, LAW AND GOVERNANCE

Purpose of report

1. The purpose of this report is to seek the views of the Commission on the Council's draft Strategic Plan (2027 – 2031) as part of the consultation.

Policy Framework and Previous Decisions

2. The Cabinet approved the draft Strategic Plan and consultation arrangements on 21 July 2026, enabling a period of engagement and feedback before the Plan is finalised.

Background

3. The Council's current Strategic Plan was approved in 2022 to cover a four-year period to 2026. The Strategic Plan forms part of the Council's Policy Framework as set out in the Constitution and provides the overarching framework for decision making and service planning.

4. As the current Strategic Plan (2022 – 2026) approaches the end of its lifecycle, the Council has undertaken development of a new Strategic Plan covering 2027 – 2031. A refreshed Strategic Plan provides an opportunity to establish a revised vision, outcomes and priorities that maintains a focus on delivering positive outcomes for Leicestershire residents.

5. The draft Strategic Plan (2027 – 2031) acknowledges that Local Government Reorganisation presents a period of significant change. The Strategic Plan aims to provide a clear and stable foundation during that transition, setting out priorities for maintaining strong day-to-day services and ensuring the County continues to be well governed. It maintains a focus on stability and resilience, while supporting the organisation to adapt and prepare for the future.

Strategic Plan (2027 – 2031)

6. The Strategic Plan (2027-2031) sets out the Council's long-term vision and strategic direction for Leicestershire. It provides the overarching framework for decision-making and service planning and has been developed through discussions with Cabinet, the Corporate Management Team and Departmental Management Teams to establish the draft vision, outcomes and priorities.

7. The draft Strategic Plan establishes a clear vision statement, supported by four strategic outcome areas and associated priorities. The strategic outcomes include:

    - Better Leicestershire for residents – We care by supporting people to live well and achieve their full potential
    - Better Leicestershire for communities – Leicestershire is safe, connected and our communities look out for one another
    - Better Leicestershire economy – Our economy is innovative and thriving
    - Better Leicestershire County Council – We are a forward-looking council that is efficient, responsive and ready to meet future challenges.

8. The Strategic Plan will be supported by KPIs to monitor performance and track progress against the strategic outcomes. A Strategic Implementation Plan will set out the work activity to deliver the outcomes. Governance arrangements will be developed alongside the finalisation of the Plan to ensure effective oversight and implementation.

Consultation

9. The consultation on the draft Strategic Plan (2027 – 2031) began on 27 July 2026 and will end on 9 October 2026. Consideration of this report by the Scrutiny Commission forms part of the consultation.

10. The consultation will provide residents, local business leaders, community groups, partner organisations and staff members an opportunity to contribute to the key elements of the Plan. Feedback will support the development of the Plan to ensure the Plan deliver the outcomes that matter most to residents and communities.

11. The consultation is utilising multiple communication channels, including a webpage, video explainer, media release and social media activity. A survey can be found on the County Council's website, seeking feedback on the vision, outcomes and priorities.

Resource Implications

12. As a high-level strategic framework, the Strategic Plan does not create new resource or financial commitments. The costs to develop the new Strategic Plan will be met within current budgets and resources. Any specific resource, financial or staffing implications arising from future programmes delivered under the Strategic Plan will be considered through the Council's business planning and budget-setting processes.

Timetable for Decisions

13. The results of the consultation, and final version of the Strategic Plan, will be presented to Cabinet on 17 November 2026.

14. The Strategic Plan will be considered by Full Council on 2 December 2026.

Conclusions

15. The draft Strategic Plan (2027-2031) sets out the Council's vision, outcomes and priorities for the next four years and provides the framework to deliver positive outcomes for residents. It also provides a stability and transparency as Leicestershire transitions to new local authority structures. The report seeks the views of the Scrutiny Commission on the draft Plan.

Background papers

Cabinet Report 21 July 2026 – Strategic Plan (2027 – 2031) Consultation
https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=8309&Ver=4

Leicestershire County Council Strategic Plan (2022 – 2026)
https://democracy.leics.gov.uk/documents/s168909/Appendix%20A%20-%20LCC%20Strategic%20Plan%202022-26.pdf

Circulation under the Local Issues Alert Procedure

16. A copy of this report will be circulated to all members of the County Council.

Equality Implications

17. The Equality Impact Assessment (EIA) indicates that the draft Strategic Plan is expected to have a positive impact on all residents across Leicestershire by promoting improved wellbeing, opportunity, inclusion and stronger communities. No significant adverse equality impacts have been identified at this stage.

18. As the Strategic Plan provides a high-level framework rather than detailed service proposals, further EIAs will be undertaken as part of implementation and delivery planning to ensure any potential impacts are identified and mitigated appropriately.

Human Rights Implications

19. There are no human rights implications arising from the recommendations in this report.

Appendices

20. Leicestershire County Council Draft Strategic Plan (2027 – 2031)

Officer(s) to Contact

Mike Sandys, Director of Public Health, Communities, Law and Governance (0116 3054239, mike.sandys@leics.gov.uk)

Rosemary Whitelaw, Head of Service – Governance and Strategy (0116 305 6098, rosemary.whitelaw@leics.gov.uk)

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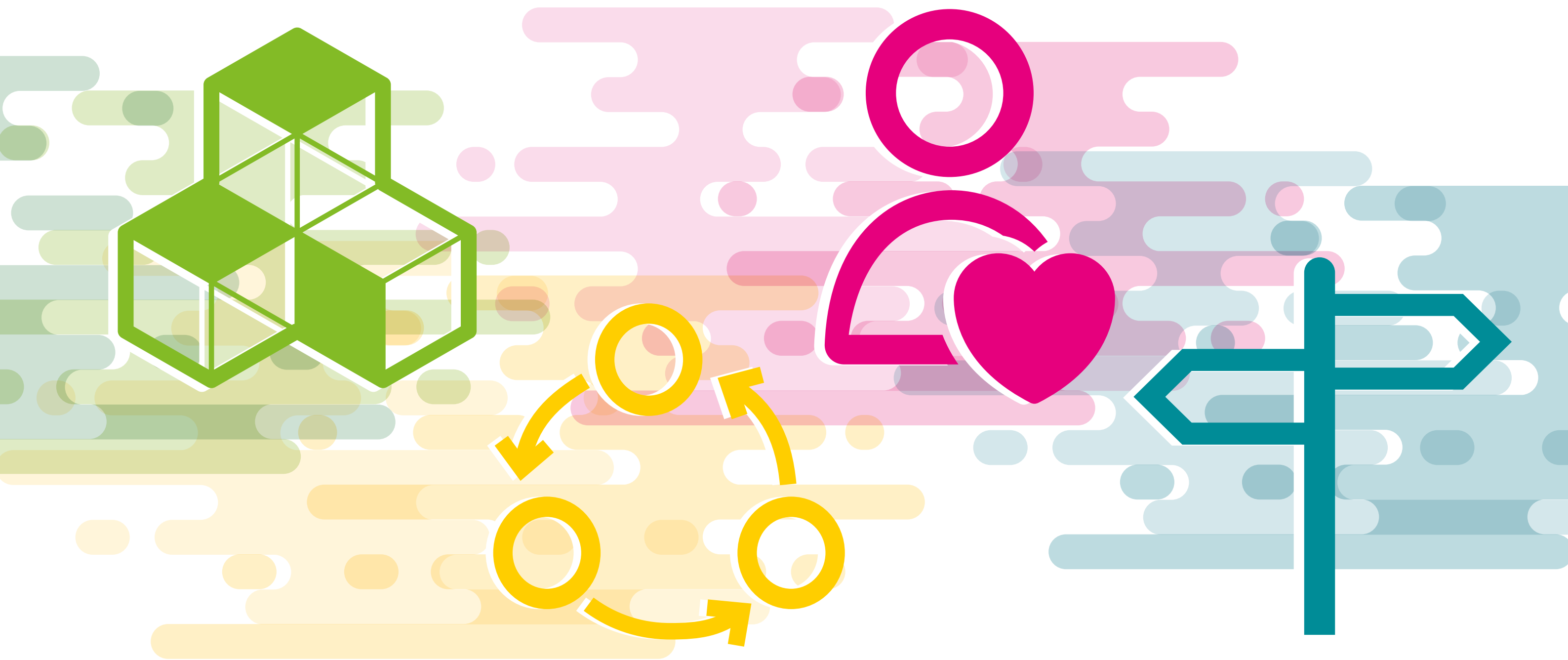
Leicestershire County Council Strategic Plan

2027-2031



Published June 2026

Contents

Foreword

A strong and resilient Leicestershire, where people come first and every pound delivers more for residents, communities and the local economy – that's our goal for Leicestershire and this new plan sets out how we aim to achieve it.

From supporting vulnerable children and adults, to maintaining roads, managing waste, and providing valued cultural and community services, our services support every one of our 700,000 residents. At a time of increasing demand and change across local government, this plan provides a clear focus on the outcomes that matter most and where effort will be prioritised.

We're committed to delivering high-quality services and making every pound work harder. A focus on innovation, efficiency and strong performance will support delivery, alongside continued work with partners, communities and businesses across Leicestershire.

Local government reorganisation presents a period of significant change. This Strategic Plan provides a clear and stable foundation during that transition, setting out priorities for maintaining strong day-to-day services and ensuring the Council continues to be well governed. It maintains a focus on stability and resilience, while supporting the organisation to adapt and prepare for the future.

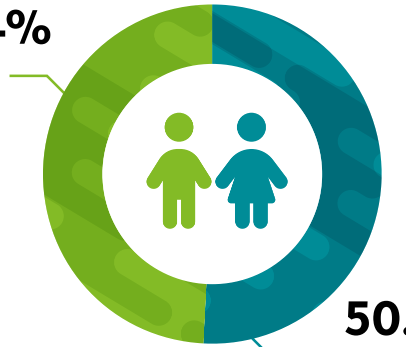
This Strategic Plan brings together a shared vision for the county: a place that is strong and resilient, where communities thrive, the economy grows, and people are supported to live well.

I hope you can spend time reading our Strategic Plan and share our vision.

Councillor
Dan Harrison
Leader of
Leicestershire
County Council

This is **Leicestershire**

734,000 population



Average age is **43**

over **300,000** households

Leicester and Leicestershire are home to **three excellent universities**

University of Leicester
De Montfort University
Loughborough University

Leicestershire's **visitor economy** is worth **£2.4 billion**

Leicestershire is the **largest economy in the East Midlands,**

with a GVA of **£21 billion**

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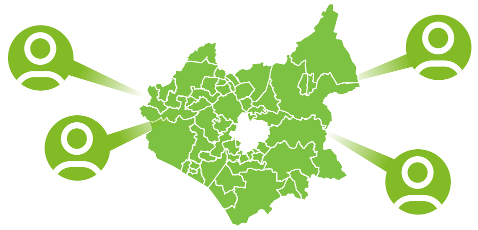
The **Council**



There are **55** elected councillors across **53** electoral divisions

Receive **130,000** **phone calls a month**, which is **6,500** **calls per working day** on average into the Council.

Support around **10,595** individuals with **long-term needs** and **4,210** with **short-term support**.

The Council employs around **5,000** staff

The Council maintains **78 schools** and **16 libraries** across the county.

Challenges and Opportunities

Local government continues to operate in an extremely challenging financial environment following more than a decade of austerity and spending pressures, particularly from social care and special education needs, and more recently from the cost-of-living pressures. There is also significant uncertainty and risk around future funding levels. Leicestershire is no exception, and while we continue to be one of the lowest funded county councils in the country, there is also a growing pressure on services that could create a £91m budget gap by 2029. We know that action is needed to bridge a budget gap and are committed to being innovative in driving down costs. The Better Leicestershire efficiency programme has helped to identify opportunities to close the gap, including a saving of £60m on top of the £44m in the four-year MTFS.

Leicestershire is one of the fastest-growing areas in the UK, with a 9.5% population increase over the last 10 years and a projected rise of 19% by 2045. This growth is placing increasing pressure on key services, including social care, school places and SEND provision, as well as infrastructure such as transport, housing and waste. We will continue to focus on prevention and early intervention to reduce escalation of need, while ensuring that residents who rely on services can access appropriate support. We are taking a proactive approach to managing demand, supporting the sustainability of vital services in the context of continued population growth.

We are working towards local government reorganisation (LGR) in line with the ambitions set out in the English Devolution White Paper. This includes working towards the establishment of a unitary local government structure that will strengthen capacity, improve efficiency and support resilience to financial pressures, while ensuring the Council continues to operate as a safe, lawful and well-governed organisation throughout the transition.

Devolution will enable greater local decision-making powers, freedoms and flexibilities, supporting more responsive and effective service delivery that reflects the needs of residents and communities. We aim to ensure that devolution in Leicestershire delivers improved outcomes, drives economic growth, and strengthens partnerships across the area.

We will continue to engage proactively with government, stakeholders and local communities to ensure that the benefits of local government reorganisation and devolution are realised for all residents.

Our Future for Leicestershire

Our Vision

We lead the way and put our people first. We're strong and resilient, we care, celebrate our heritage, and make every pound work harder for a better Leicestershire.

To achieve this vision, our aspirations are

Better Leicestershire for residents

- We care by supporting people to live well and achieve their full potential

Better Leicestershire for communities

- Leicestershire is safe, connected, and our communities look out for one another

Better Leicestershire economy

- Our economy is innovative and thriving

Better Leicestershire County Council

- We are a forward-looking Council that is efficient, responsive and ready to meet future challenges

1. Better Leicestershire for residents

This outcome seeks to ensure that people are supported to live well and achieve their full potential at every stage of life. The focus will be on early intervention, prevention, and enabling independence, and prioritising support for children, young people, and families to create strong foundations for the future. This includes ensuring that all children benefit from high-quality early years provision, education, and development opportunities, and that families are equipped to provide safe, stable, and nurturing home environments.

Through collaborative working with partners, needs will be identified earlier to ensure timely, tailored support that reduces escalation of need. Alongside this, wellbeing and independence will be promoted for adults by improving access to preventative services, strengthening community-based support, and enabling people to maintain their independence.

Outcome: **We care by supporting people to live well and achieve their full potential**

“Ensuring families are equipped to provide safe, stable, and nurturing home environments

Our areas of priority:

- **We will ensure children have access to good developmental support, childcare and education**
- **We will provide families with the right support, so children can live in safe and loving homes**
- **We will give people opportunities to improve their wellbeing and independence**

What will success look like?

- More children reach expected developmental milestones and are ready for school, with improved access to childcare and education.
- Children with SEND receive support at the right time and can access an education provision that is most appropriate for their needs.
- More families receive support early, reducing the need for statutory intervention and enabling more children to live in safe, stable homes.
- People are supported with their health and wellbeing, with earlier identification of risks and support provided.
- Overall demand for higher level and crisis services reduces, as needs are identified and addressed earlier

> Residents will be supported to improve their physical and mental health

2.

Better Leicestershire for communities

Leicestershire is a place where people feel safe, supported and connected to one another. Strong and resilient communities will be enabled through partnership working, early support and opportunities for residents to come together and build social connections. This includes recognising and supporting the vital role of our farming community, volunteers and groups who contribute significantly to the county's sustainability and sense of place. Residents will be supported to improve their physical and mental health and given access to opportunities that promote health and active lifestyles. A culture of mutual support will be supported, where people are encouraged to look out for one another, while also protecting and celebrating the county's culture, heritage and environment to strengthen local pride and identity.

Outcome: **Leicestershire is safe, connected and our communities look out for one another**

Our areas of priority:

- **We support communities to be safe and resilient**
- **We bring people together, help them to be healthier, and encourage people to help one another**
- **We celebrate and preserve the best of our county, protecting our culture, heritage and natural environment.**

What will success look like?

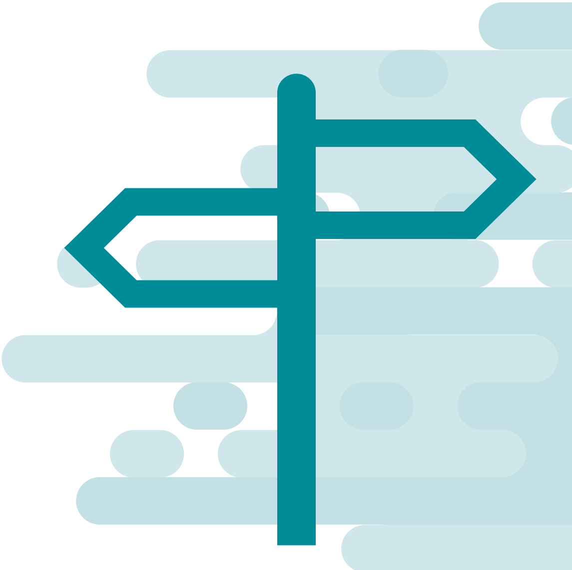
- Leicestershire's heritage and natural environment are protected and enhanced, so residents and visitors can access and enjoy spaces.
- More people are engaged in volunteering and community activity and there are opportunities to create locally led support networks.
- Increased access to preventative health and wellbeing support, with residents reporting good levels of physical and mental health.

3.

Better Leicestershire Economy

This outcome focuses on building an innovative and thriving economy that supports sustainable growth and prosperity across Leicestershire. It emphasises strengthening the county's economic position by attracting investment, enhancing infrastructure, and enabling businesses to grow and succeed.

Leicestershire will be promoted as a competitive place to live, work and invest, supported by modern, resilient infrastructure and strong connectivity. Alongside this, the outcome seeks to develop a skilled workforce and create employment opportunities that respond to the needs of a changing economy. This approach will help to ensure that economic growth benefits communities and contributes to Leicestershire's long-term economic resilience.



Outcome: **Our economy is innovative and thriving**

Our areas of priority:

- **Putting Leicestershire on the map to attract visitors and investment**
- **Driving growth through modern and fit for purpose infrastructure**
- **Boosting jobs, support a skilled workforce, and offer a prosperous environment for businesses**

What will success look like?

- There is a growth in visitor numbers to key destinations and cultural assets in Leicestershire, supporting local businesses and economy.
- More residents access employment opportunities, and there is closer alignment between skills provision and employer demand.
- Increased delivery of infrastructure improvements that unlock housing and employment opportunities

> **To develop a skilled workforce and create employment opportunities**

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4.

Better Leicestershire Council

This outcome sets out the Council's ambition to be forward-looking, efficient and responsive, with the capability and resilience to meet future challenges. It reflects a commitment to delivering high-quality, value-for-money services while adapting to a changing local government landscape and increasing demand for services.

Achieving this outcome will require the Council to listen to and act on the needs of its residents, ensuring that services are shaped by meaningful engagement and that feedback is used to drive continuous improvement.

The Council will also need to successfully navigate local government reorganisation, ensuring service continuity and good governance. At the same time, financial sustainability and efficiency will remain a core priority, with a clear focus on maintaining balanced budgets, effective medium-term financial planning and ensuring that resources are used efficiently to deliver strategic priorities.

Outcome: **We are a forward-looking Council that is efficient, responsive and ready to meet future challenges**

> Listen to and act on the needs of its residents

Our areas of priority:

- Listening and Responding to the needs of our residents
- Adapting to local government reorganisation
- Ensuring the Council is financially fit, reliable and make every pound work harder

DRAFT

What will success look like?

- Services are responsive to resident needs, with visible improvements based on feedback.
- Complaints and queries are resolved promptly and effectively
- The Council is well-prepared for local government reorganisation, maintaining service continuity and strong governance.
- The Council continues to operate within a sustainable financial position, with balanced budgets and effective medium-term financial planning.

Supporting Strategies

The Council's Strategic Plan (2027-2031) is enabled by a number of key corporate strategies, including:

- Medium-Term Financial Strategy (2024-2028)
- Adults and Communities Strategy (2025-2029)
- Customer Experience Strategy (2024-2028)
- Environment Strategy (2018-2030)
- Leicester and Leicestershire Economic Growth Strategy (2021-2030)
- Leicestershire Joint Health and Wellbeing Strategy (2022-2032)
- Leicestershire Resources and Waste Strategy (2022-2050)
- Local Transport Plan (LTP4)
- People Strategy (2024-2028)
- Public Health Strategy (2022-2027)

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Partner Organisations

Working with Partners is important to the success of the Council's Strategic Plan, as we work to achieve our ambitions for Leicestershire. The Council will continue to collaborate with key partners to achieve shared priorities, strengthen outcomes and ensure effective partnership working across the county.

- Children and Families Partnership
- Community Safety Partnerships
- Health and Wellbeing Board
- Integrated Care Board
- Integrated Care Partnership
- Leicestershire and Rutland Safeguarding Children Partnership
- Leicestershire Safer Communities Strategy Board
- LLR Flood Risk Management Board
- Local Health Resilience Partnership
- Local Nature Recovery Strategy Partnership
- Leicester and Leicestershire Business and Skills Partnership
- Safeguarding Adults Board
- Youth and Justice Management Board
- Local Resilience Partnership

Delivering the Plan and Monitoring Performance

The outcomes and priorities in the Strategic Plan are delivered through a corporate implementation plan. This ensures clear accountability and coordination across departments. They allow the broader vision of the plan to be broken down into actionable steps, aligning efforts at different departments and services.

Monitoring the Plan is captured through the Council's Annual Delivery Report. This report details the progress made by departments against each strategic outcome over a 12-month period.

The Council's Strategic Planning Framework can be found below.

Leicestershire County Council

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Leicestershire County Council

SCRUTINY COMMISSION – 2 SEPTEMBER 2026

MEDIUM TERM FINANCIAL STRATEGY – BUDGET MONITORING AND MTFS REFRESH

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of the Report

1. The purpose of this report is to provide the members with an update on the County Council's short and medium term financial position in light of the current economic climate. The report will also detail the changes to the previously agreed 2026-30 capital programme following the latest review, and will cover the latest revenue budget monitoring position for 2026/27.

2. A supplementary report setting out the details above is currently being finalised to ensure that it includes the most up to date information required, and this will be circulated to members and published on the County Council's website as soon as it is available.

Policy Framework and Previous Decisions

3. The Medium Term Financial Strategy (MTFS) for 2026/27 to 2029/30 was approved by the County Council on 18 February 2026. The MTFS forms part of the Budget and Policy Framework as set out in Part 4C of the Council's Constitution.

Timetable for Decisions

4. The Cabinet will consider a report on the MTFS position on 8 September 2026, including the proposed changes to the previously agreed 2026-30 capital programme.

5. The Cabinet will be asked to approve the draft MTFS 2027 to 2031 for consultation in December 2026. All Overview and Scrutiny Committees and the Scrutiny Commission will consider the draft MTFS in late January 2027 and the Cabinet will then make a final recommendation to the County Council in February 2027.

Recommendation

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

Equality Implications

7. There are no equality implications arising from this report.

Human Rights

8. There are no human rights implications arising from this report

Circulation under the Local Issues Alert Procedure

9. None

Background Papers

Report to the County Council on 18 February 2026 - Medium Term Financial Strategy 2026/27 – 2029/30
https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=7862&Ver=4

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SCRUTINY COMMISSION – 2 SEPTEMBER 2026

INVESTING IN LEICESTERSHIRE PROGRAMME ANNUAL PERFORMANCE REPORT 2025/2026

REPORT OF DIRECTOR OF CORPORATE RESOURCES

Purpose of the Report

1. The purpose of this report is to set out the performance of the Investing in Leicestershire Programme (IILP) in 2025/26 (the Annual Performance Report is appended to this report).

Policy Framework and Previous Decisions

2. In May 2014, the Cabinet established the principle of the management of the portfolio being overseen by an Advisory Board of Cabinet members, now the IILP Board. The Board considers the merits of any investment opportunities presented by the Director of Corporate Resources, which the Director may then approve under his delegated powers or refer to the Cabinet for a decision.

3. The IILP Portfolio Management Strategy 2024-2028, approved by the Cabinet in February 2024, guides future investment and management decisions. The Portfolio Management Strategy is reviewed annually in the MTFS.

4. The MTFS 2026-30 capital programme was approved by County Council in February 2026 and includes the provision of £43m (subject to business cases) for the further development of the IILP during the period up to 2030. This allocation was subsequently increased to £48m as a result of the re-phasing of expenditure from the 2025/26 outturn. This is in addition to the £208m already invested in the IILP, giving a total of £256m. A further £4m for IiLP 'diversifier' investments is allowed for within the Council's treasury management balances.

5. The Commission previously considered the performance of the Programme in September 2025. In January 2026 it considered the IILP Portfolio Management Strategy 2026-2030 which was subsequently approved by the County Council in February 2026 as part of the MTFS.

6. The Corporate Asset Management Plan (CAMP) 2022-26, approved by the Cabinet on 23 September 2022 is aligned with the Council's Strategic Plan. It promotes the management of the Council's property assets in a way that contributes to the achievement of the five strategic outcomes in its Strategic Plan whilst recognising in the case of the IILP the continuing need to deliver

both financial benefits and address areas of specific economic and social market failure. The annual performance of the CAMP during 2025/26 is the subject of a separate report on the agenda for this meeting.

Background

7. The Council has owned and managed properties in the form of the existing Industrial and Rural estate for many years. These properties are held for the purposes of supporting the delivery of various economic development objectives and to generate revenue and capital returns to the County Council.

8. The creation of the Programme (previously known as the Corporate Asset Investment Fund) and the associated Advisory Board in 2014 was aimed at increasing the Council's property portfolio and ensuring a more diverse range of properties, to continue to support economic development and generally increasing the quality and sustainability of the land owned by the Council and the income this generated.

9. The IILP Board consists of all members of the Cabinet and is chaired by the Cabinet Lead Member for Resources. The Board considers the merits of any investment opportunities presented by the Director of Corporate Resources. The Director then determines whether to proceed with a scheme under his delegated powers or, where appropriate, to refer the matter to the Cabinet for a decision.

10. The Board is supported by officers from strategic property, strategic finance, legal and planning, and growth services who provide advice on risks, deliverability and financial implications. Specialist property investment support and advice is also available to provide an independent view and robust challenge. The Growth, Environment and Transport Department also provides support as necessary, now having general oversight of the delivery of large growth schemes to ensure these are assessed and prioritised against the resources available and balanced against the need to deliver the aims of the Programme and the Council's Strategic objectives.

11. The purpose of bringing the Annual Report for review is to demonstrate on both qualitative and quantitative bases, that the Programme is providing security for the Council's monies invested in it, and to show that it is being managed professionally, prudently and in a commercially astute way, to ensure it is growing in line with the IILP Strategy and that the overall direction of travel of the Programme is approved annually.

Current Performance of the IILP

12. The IILP has grown significantly in value over recent years and continues to support the Council's financial resilience. It provides income to help fund Council services, while also contributing to the economic, social and environmental wellbeing of Leicestershire in line with the Council's Strategic Plan.

13. The Annual Report appended to this report sets out in detail the overall performance of the IILP during the 2025/26 financial year. A summary is provided below.

14. At the end of 2025/26, the direct property portfolio, including the value of the let areas of County Hall, was valued at £226.7m and comprised £86.7m rural estate, £59.2m offices, £37.3m industrial properties and £4.5m of other property, together with £39.0m of development properties.

15. In addition, the IILP holds investments outside the directly owned property portfolio, known as diversifiers. These are intended to spread risk and provide income from sources other than direct property. These have a current value of £53.4m comprising £7.8m pooled property funds, £18.7m private debt, £9.2m pooled infrastructure funds and £17.7m pooled bank risk share funds. This brings the total value of the portfolio to £280.1m.

16. Overall, the capital value of the IILP reduced by £12.2m during 2025/26, from £292.3m as at 31 March 2025 to £280.1m as at 31 March 2026. This was due to valuation reductions in parts of the direct property portfolio, particularly the rural estate and office assets, together with sales, transfers and the planned return of capital from diversifier investments.

17. In particular, the rural estate valuation reduced by £8.6m. This followed a change in valuation approach, with external valuers no longer including “hope value” linked to potential future development opportunities on a group of rural assets. Together with changes in market conditions the value of property assets can fluctuate year on year however over the longer term the rural estate has enjoyed sustained growth averaging 10% per annum over the past 5 years.

18. Despite the reduction in capital value, the IILP produced a net income of £8.6m. Operational performance was also positive, with 20 new lettings completed during the year, adding £466,000 per annum to rental income across the portfolio.

19. The managed direct property portfolio, excluding development assets, delivered a total return of minus 3.1%, compared with the wider market return of 6.0% and an overall return for the direct property portfolio of minus 4.8% in the year when development assets were included. However, over the past 5 years the direct property portfolio has produced average returns of 12.6% per annum with sustained capital growth over the first 4 years.

20. In 2025-26 returns were impacted by negative capital growth of 5.9% across the managed property portfolio with the most significant impacts arising from the rural estate valuation adjustment and reduced office values where lease expiries affected market valuations. However, within the overall figure the income return continues to be delivered at above market benchmark levels thereby ensuring that ongoing support for services is delivered. Diversifier investments continued to support income, producing an income return of 6.7%.

21. The 2025/26 performance comparison is also affected by a one-off timing issue. The IILP has returned to valuing the portfolio as at 31 March each year, rather than 1 October as in recent years. As a result, the 2025/26 valuation movement covers an 18-month period rather than the usual 12 months, which means it is not directly comparable with the 12-month market benchmark. Future valuations will be carried out annually as at 31 March, bringing the assessment of performance back into alignment with the benchmark period.

22. During 2025/26, positive progress was made across a number of areas of the Programme, demonstrating continued active management of the portfolio and delivery of the IILP's wider strategic objectives. This included:
    - completion of rent reviews and lease renewals, helping to protect and manage rental income;
    - a reduction in 90-day debt, with debt as at 31 March 2026 standing at £631,000, equivalent to 6.6% of gross portfolio income and below the 10% target;
    - average voids across the portfolio of 7.9%, which remained below the target of 8.9%;
    - progress in securing local plan allocations to support the future development pipeline; and
    - adoption of the Rural Estate Strategy 2026-36 and commencement of its implementation.

<u>Non-Direct (diversifiers) property investments</u>

23. Diversifier investments support delivery of the aims of the IILP as set out in the current IILP Strategy. The Strategy, last reviewed in 2024 by Hymans Robertson ("Hymans"), the Council's investment consultant, seeks to provide the Council with a diversified income stream that is less correlated to the Leicestershire property market where a significant concentration of assets lie. Diversifier investments should provide an alternative source of income for times when the mainly Leicestershire-based direct property portfolio could suffer from economic downturns.

24. It is prudent to spread the investment risk when relying on that income which supplements service provision to Leicestershire residents. Hymans recommended that the IILP target a 67% allocation of assets to direct property and 33% to diversifiers.

25. The current split based on current values between direct property and diversifiers is 81% direct property and 19% diversifiers. The split has widened marginally over the year due to a number of factors including:

    a. A net return of capital from diversifier investments over the past year exceeding the reduction in the value of the direct property portfolio.
    b. Continued investment into the Leicestershire direct portfolio, for example the next phase of the Airfield Farm industrial development.

26. It is planned to rebalance the overall portfolio towards the two-thirds, one third split as recommended by Hymans in the medium term. This will include proposals to acquire additional diversifier investments in the current year.

Future Resource Considerations

27. The MTFS 2026-30 which incorporates the investment strategy for that period confirmed the provision of funding to grow the IILP to £260m over the MTFS period. The exact level of investments made will depend on the availability of good investments, the cost of development, and the level of funding available. The expectation is that the returns (a combination of revenue income and capital growth) generated by the IILP will have a meaningful impact on the Council's budget to reduce the funding gap.

28. The amount invested in the Programme as at 31 March 2026 was £208m (the latest valuation of the portfolio which includes capital growth in the valuation of the assets held is £280m). Having regard to the potential sales that will occur over the MTFS period and planned reinvestment required to balance the portfolio, the capital provision of £48 included within the MTFS 2026-30 capital programme and £4m from treasury management balances to fund additional investments spread over the four years (2026/27 to 2029/30) would increase the total sum invested to the £260m target.

Conclusion

29. The views of the Scrutiny Commission are sought on the performance of the IILP in line with the current Strategy. The Commission's comments will be reported to the Cabinet on 8th September 2026.

Equality Implications

30. There are no equality implications arising from the recommendations in this report.

Human Rights Implications

31. There are no human rights implications arising from this report.

Environmental Implications

32. The IILP Portfolio Management Strategy, in relation to the acquisition, development and management of the IILP's property assets, incorporates measures that ensure that the direct property portfolio makes a positive contribution to the achievement of the Council's Strategic Plan's Clean and Green Strategic Outcome.

Background Papers

Report to the Scrutiny Commission - 8th September 2025 – Investing in Leicestershire Programme Annual Report
https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=137&MId=7835

Report to the Scrutiny Commission – 28th January 2026 – Medium Term Financial Strategy 2026/27-2029/30
https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=137&MId=8391

Report to the County Council – 18th February 2026 - Medium Term Financial Strategy 2026/27-2028/30 – IILP Strategy 2026 - 2030
https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=7862

Circulation under the Local Issues Alert Procedure

None.

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Appendix

Investing in Leicestershire Programme Annual Performance Report for 2025/26

Investing in Leicestershire Programme

ANNUAL PERFORMANCE REPORT 2025 - 2026

Leicestershire County Council

Building Business. **Boosting** Communities.

INTRODUCTION

The Council first established an investment portfolio in 2014 with a view to generating additional funding to improve financial resilience thereby supporting the continued delivery of essential quality frontline services.

The original portfolio comprised the Council's industrial and farm property holdings, valued at approximately £40 million in 2014, together with a seed investment of £15 million. Through subsequent direct property acquisitions, development activity and non-property investments, the portfolio has grown to its current value of £280 million. The IiLP composition is unlike many UK property portfolios as a result, given the mixture of regional Leicestershire direct property (with large rural and development assets) and non-property financial assets. The overall strategy is supported by regular external strategy reviews.

In 2023 the fund was rebranded as the Investing in Leicestershire Programme (IiLP) adopting its current strategy of focussing future investment in areas that addressed social and economic market failure whilst continuing to provide financial returns.

The management of the portfolio is overseen by an Advisory Board and as part of its agreed governance an Annual Performance Report is produced each year. This, twelfth annual report sets out the overall performance of the IILP during the 2025-26 financial year providing details of its current investments and in respect of the direct property portfolio, detailed comparison with the wider real estate investment market.

Further it reviews progress in respect of major projects and the future potential of the portfolio to enable the continued delivery of an ongoing income stream and capital receipts vital to the delivery of frontline services whilst continuing to support job creation and economic growth across Leicestershire.

SUMMARY

The IILP has continued to contribute to the economic, social, and environmental wellbeing of the people of Leicestershire; making a significant contribution to the Council's Strategic Plan. The income generated by investment in high quality assets provides increased financial resilience and underpins the Council's ability to deliver a comprehensive range of quality services now and in the future.

The annual report examines the development and performance of the overall portfolio, the potential of the future investment programme to deliver enhanced returns and the outlook for the wider investment market and how it might impact on the future investment strategy.

Total Value By Sector

	Value as at 31st March 2025	Value as at 31st March 2026
Office Inc. County Hall	£63.1m	£59.2m
Industrial And Distribution	£26.0m	£37.3m
Rural	£95.9m	£86.7m
Other	£4.7m	£4.5m
Development	£42.1m	£39.0m
Pooled Property	£16.1m	£7.8m
Private Debt	£23.0m	£18.7m
Pooled Infrastrucure	£8.7m	£9.2m
Pooled Bank Risk Share	£12.7m	£17.7m
Total IiLP	**£292.3m**	**£280.1m**

As of 31st March 2026, the capital value of the portfolio, including the let areas of County Hall (currently managed alongside the portfolio), totalled £280.1m million compared with the value as of 31st March 2025 of £292.3 million. Notwithstanding the sustained increases in the value of the direct portfolio since inception over the 2025-26 year, the portfolio showed a reduction of £5.1m resulting from changes in the valuation approach and variations in market conditions. This coupled with a further reduction of £7.1m in the value of the diversified holdings, resulting in an overall fall of £12.2m. The valuations of the direct property portfolio are undertaken by external valuers on behalf of the County Council.

Our strategic focus will remain on sustainable investments that drive economic growth, social development, and environmental sustainability.

Financial Summary

	Value on 31st March 2025 (£m)	Transactions: Acquisitions and Transfers in (£m)	Transactions: Net Capital spend (£m)	Transactions: Sales & Transfers out (£m)	Valuation Change (£m)	Value on 31st March 2026 (£m)	Net Income (£m)	Since inception IRR%
Office inc County Hall	63.1		0.4		(4.2)	59.2	3.3	
Industrial and Distribution	26.0	10.3			1.0	37.3	1.7	
Rural	95.9		0.3	(0.9)	(8.6)	86.7	0.0	
Other Property	4.7			(0.6)	0.4	4.5	0.2	
Sub-Total Managed Property	**189.7**	**10.3**	**0.7**	**(1.5)**	**(11.5)**	**187.7**	**5.2**	
Development	**42.1**		**12.8**	**(10.7)**	**(5.3)**	**39.0**	**(0.2)**	
Direct property	**231.8**	**10.3**	**13.5**	**(12.2)**	**(16.7)**	**226.7**	**5.0**	
Pooled Property	16.1		(8.2)		(0.1)	7.8	0.4	2.4%
Private Debt	23.0		(3.9)		(0.5)	18.7	1.1	5.5%
Pooled Infrastructure	8.7				0.5	9.2	0.5	7.2%
Pooled Bank Risk Share	12.7		5.0		0.1	17.7	1.9	12.6%
Total Diversifiers	**60.5**		**(7.0)**		**0.0**	**53.4**	**3.8**	**4.8%**
Additional sinking fund							**(0.2)**	
Total	**292.3**	**10.3**	**6.5**	**(12.2)**	**(16.7)**	**280.1**	**8.6**	

Notes: All figures are rounded to nearest 0.1m. Opening valuation figure adjusted to include the valuation of the let areas of County Hall managed in conjunction with direct property portfolio since 2023.
IRR (Internal Rate of Return) is a financial metric used to measure the annualised return of an investment.

The current strategy (undertaken by Hymans Robertson and approved in 2024) targets a capital value of two-thirds direct property and one-third diversifiers. At present the IiLP has a higher weighting (81%) to direct property, a consequence of rising capital valuations over a number of years and a pause in the redeployment of capital into diversifier investments whilst the IiLP undertakes a planned strategy review, that is due to complete later in 2026/27.

As of 31st March 2026, the IiLP held direct property assets valued at £226.7m, including £39m of development assets. The main movements during the year were as follows:

- Assets worth £10.3m (Airfield Business Park phase 3 and 4) were transferred from the development sector to the industrial and logistics sector.
- £1.5m of direct property was disposed of.
- Year-end valuations reduced the direct property portfolio by £16.7m.

Diversifier investments totalled £53.4m, representing 19% of the overall IiLP portfolio. Year-end valuations resulted in a net £16.7m reduction across a range of property assets.

The largest valuation movement related to the rural estate, where values reduced by £8.6m. This followed a change in valuation approach by the external valuers, who revised their methodology in line with the latest guidance and no longer considered it appropriate to include future hope value within the valuation of a group of rural assets. This is following a significant increase in valuation between 2024/25 and 2025/26 of £14.1m for the rural portfolio. Further market adjustments, particularly within the office sector where values reduced by £4.2m, also contributed to the overall fall in the value of the direct property portfolio.

The portfolio also includes investments outside the directly owned property portfolio, known as diversifiers. These comprise UK pooled property funds, private debt investments, pooled infrastructure funds and pooled bank risk share funds. At 31 March 2026, diversifier investments were valued at £53.4m, a reduction of £7.0m from 2024/25. This reflects capital repayments and disposals of £12.0m, partly offset by £5.0m of new investments. Diversifiers are held to provide income from sources other than direct property. This broader spread of investments has helped support the IiLP's income performance, particularly during a period when UK direct property has faced more challenging market conditions.

ANNUALISED RETURNS

Given the short-term volatility of asset valuations it is appropriate to view the performance of the IiLP on a multi-year basis. A summary of the property and diversifier investments is included in the table below showing returns over 1, 3 and 5 years.

Total Direct Property Portfolio

	1 year (2025-26)	3 year (2022-23 – 2025-26)	5 year (2020-21 – 2025-26)
Net Income Return	0.0%	2.2%	2.9%
Capital Growth	3.2%	13.2%	9.7%
Total Return	3.2%	15.3%	12.6%
Total Benchmark Return	6.0%	8.3%	6.2%

All Diversifiers

(pooled property, private debt, infrastructure and bank risk share)

	1 year (2025-26)	3 year (2022-23 – 2025-26)	5 year (2020-21 – 2025-26)
Net rate of return	6.4%	7.1%	6.5%

The diversifiers together have performed well over the one, three and five years and the net rate of return includes income and capital changes. The robust diversifier returns over the period since UK interest rate increases from near zero which tempered returns from property has been helpful to the overall IiLP portfolio.

The IiLP has now been in operation for several years, the data for returns over longer timeframes better demonstrates the stability of the returns achieved by the assets in the portfolio.

Over the three-year period to 2025-26, the direct portfolio achieved an annualised total return of 15.3%, compared with the market return of 8.3%. Over five years, the direct portfolio also outperformed the market, achieving an annualised total return of 12.6% compared with 6.2%. This stronger long-term performance was mainly driven by sustained capital growth in the rural portfolio, including the significant valuation uplift recorded in 2023-24 which was only partly reversed in 2025/26 with the change of valuation methodology.

The managed direct property portfolio, excluding development assets, delivered a total return of -3.1%, compared with the wider market return of 6.0%. This underperformance was mainly driven by negative capital growth of -5.9%. The largest impacts were the rural estate valuation adjustment and reduced office sector values. For example, at Embankment House, the valuation reduced because some leases are due to expire in the coming year, creating a risk around how quickly, and on what terms, the space can be re-let.

The IiLP has returned to valuing the portfolio at 31 March each year, rather than 1 October as in recent years. This means the 2025-26 return covers an 18-month period instead of the usual 12 months. As a result, the movement in values looks larger when compared with the 12-month market benchmark. This is a one-off timing issue, and future valuations will be carried out annually as at 31 March.

In addition to the budgeted sinking fund contribution, a further £0.2m was added at year end, funded from outperformance against budget. This reflects the prudent approach of setting aside funds to meet future maintenance requirements or unforeseen costs. The sinking fund acts as a contingency fund, helping to ensure that resources are available to maintain the condition of the portfolio's assets.

The IiLP recognises potential bad debts and accounts for these in each financial year in line with the Council's policy. The bad debt provision is reassessed each year and may fluctuate as income is received to clear debtor accounts. The assessment at the end of 2025/26 was that the provision did not need to be increased. The current value of the provision is £555k. Unpaid invoices are provided for at a rate based on the type of customer and invoice age in line with the wider County Council policy.

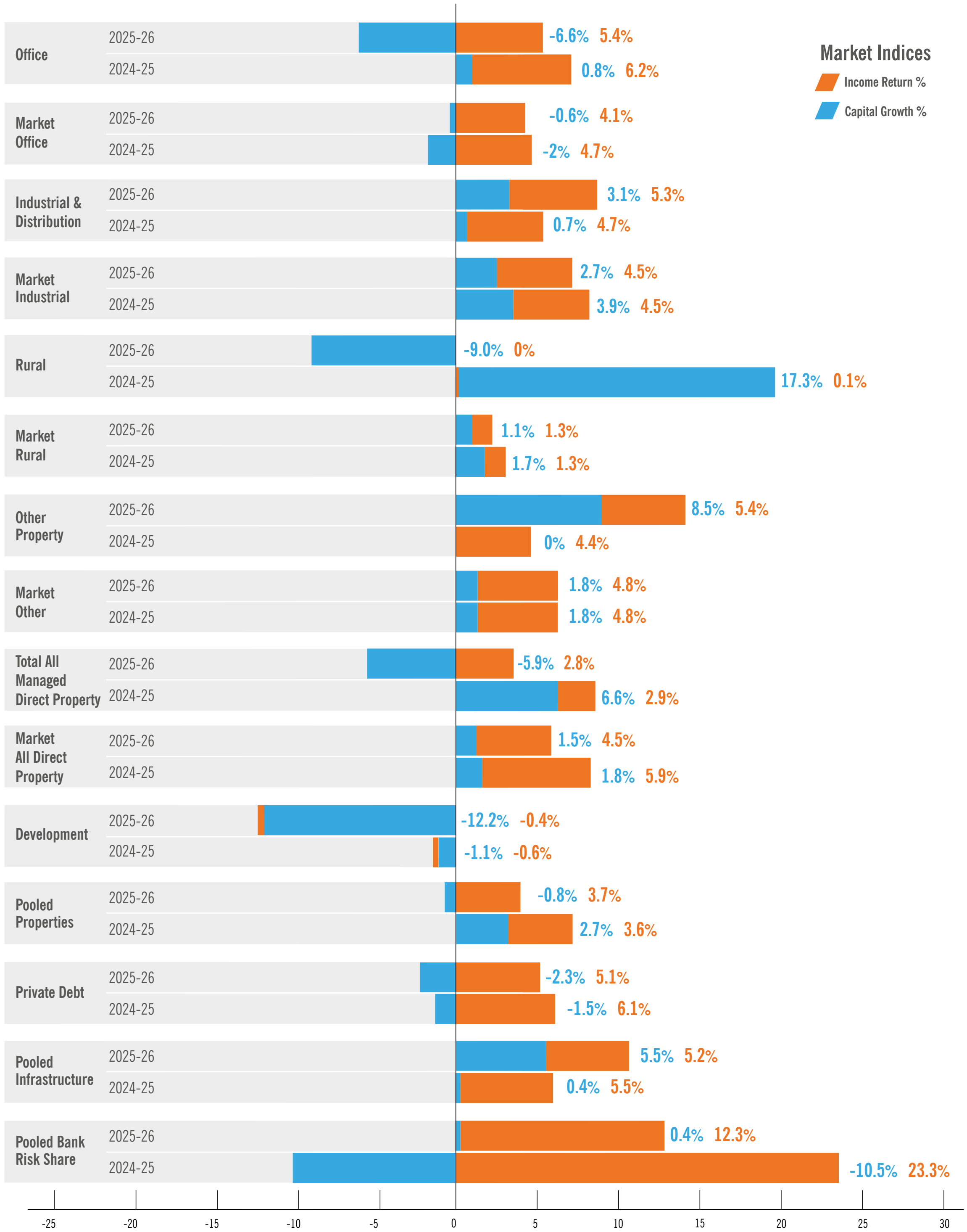
The level of net income accounts for centrally incurred costs. These costs include employee costs, bad debt provisions and sinking fund contributions. The current target level for the sinking fund, to be built up over the period to the end of 2029/30, is currently set at approximately £10m. This will be reassessed each year based on information regarding the assets within the Fund as part of the medium term financial strategy (MTFS).

The IiLP generated a total net income of £8.6m meeting the income target for the year. Direct property contributed £5.0m, with the balance generated by diversifier investments. The property net income percentage, excluding development assets and the rural estate, was 5.7%. This compares favourably with the wider UK benchmark net income return of 4.2%, demonstrating the underlying income strength of the core managed property portfolio. This provides a clearer measure of income performance because development assets are held primarily to create future capital value and wider economic benefits, rather than immediate rental income, while the rural estate is held for broader strategic, environmental and community objectives as well as financial return.

As part of the Council's ongoing assessment of its treasury management and capital financing requirements it compares total investment returns (capital and income) achievable via the IiLP and available opportunities to repay external debt early or hold in short term cash positions.

PERFORMANCE AND COMPARISON AGAINST INDUSTRY BENCHMARK

Programme Performance



The IiLP's direct property external benchmark is the "All Property" total return (capital growth plus income return) of the market benchmark monthly index.

The managed direct properties (excluding rural and development assets) produced a total return of 3.9% which is below the market level of 6.0% for the year. However, within the overall figure the income return continues to be delivered at above benchmark levels thereby ensuring that ongoing support for services is delivered.

As previously noted the short-term variations in asset valuations, compounded by the fact that the valuation date for the property portfolio has reverted to 31st March having previously been at 1st October has in this year resulted in negative capital growth, reducing the overall level of performance.

Offices

The income return from the office sector continues to outperform the market benchmark producing a 5.4% return compared to a 4.1% benchmark and a net income of £3.3m. However, the IiLP office sector suffered negative capital growth of -6.6%, largely as a result of a downturn in the value of office investments, including Embankment House. This was significantly greater than the market reduction of -0.6%, however is reflective of the market corrections occurring over the longer period with market office values falling by c.8.0% in the period from October 2024 to March 2025.

Industrial and distribution

The total returns from the combined industrial and distribution sectors were 8.4% compared with the previous year at -5.4%. This compares to a benchmark total return of 7.2%. Capital growth rose by 3.1% versus a benchmark of 2.7% due in part to increased rental income arising from rent reviews and lease renewals and partly as a result of market corrections over the 18 month period to March 2026. The income return of 5.3% exceeding the benchmark income return of 4.5%.

Rural

The rural sector achieved a total return of -9.0% in 2025-2026 versus a benchmark total return of 2.4%. The rural total return reflects the change in valuation methodology of the rural assets with future development value reducing the capital growth figure from an anticipated 2.1%. Income returns are comparatively low for the rural estate which are expected given the wider strategic objectives of the IiLP. The adjusted 5 year capital return for the IiLPs rural portfolio is 10.0% pa reflecting sustained growth in rural capital values over the longer term as investors recognise that it represents a “safe haven” in turbulent economic times.

Other

The IiLP’s smaller ‘other property sector’ produced an excellent total return of 13.9% well above market levels. Providing a stable income of 8.5%; the portfolio holdings comprise a mixed range of assets, including a car dealership in Leicester city, a petrol filling station in Loughborough and a children’s nursery.

Development

The development sector produced a total return of -12.6%, compared with 1.7% in the previous year. This reflects the nature of development assets, where costs are incurred before schemes become fully income-producing and valuations can move as assumptions change.

At the Airfield Business Park development, the valuation reflected units that were not yet let and the impact of rent-free periods. These factors are expected to unwind as the units are let and income stabilises. At the Leaders Farm development, the year-end valuation was lower, reflecting revised assumptions about the timing and delivery of future development. Lutterworth East remains the largest asset within the development portfolio, with values remaining stable over the period.

Development assets are held for their longer term capital growth and wider economic benefits, rather than immediate income. As a result, it is expected that planning, promotion and holding costs may exceed income during the development phase. This resulted in a small negative income return of -0.4% for the year.

Diversifier investments

A good year for diversifier investments, net income was ahead of budget which supported the wider IiLP. Diversifier investments had a net return of capital in the year of £7.1m reflecting the return of capital from pooled property and private debt investments. The exposure to diversifiers has reduced as a percentage of the total IiLP portfolio as a result over the year from the target allocation of one third.

Pooled property

The pooled property investments were originally spread across four separate investment managers. A total of £25m was invested between 2015 and 2019. As at the end of the financial year two managers have returned capital to the Fund. This leaves two pooled property investments within the IiLP. An open ended Fund focusing on core UK property investing across all sectors and a value add UK strategy which aim to realise value from investing and repositioning property assets. A 3.7% income return was achieved and capital values across the pooled property estate were lower in the year by -0.8%.

The Lothbury property unit trust, one of the four pooled property funds was wound up following an Extraordinary General Meeting (EGM) in March 2024. For clarity it is important to note that this winding up of a property fund; a forced sale over a period when property values had been depressed in comparison to the periods preceding the increase (from 0.25% in 2021) in the Bank of England's base rates. The forced nature of the sales means the IiLP fund is not able to 'hold' the investment, collect the income and then choose when to exit. The total return including quarterly income distributions shows a positive return since inception, +0.2% (IRR, internal rate of return).

The Hermes property unit trust also returned all capital in the financial year when the fund was merged with another institutional property fund. The merger conditions did not allow for investors such as the County Council to continue as eligible investors and capital was returned in August 2025.

Private Debt

The Fund invests in the Private Debt asset class via one institutional manager. Private Debt as an asset class offers varying levels of return and therefore risk. The IiLP invests towards the lower end of return expectations and therefore risk. The IiLP has invested over a number of years in three different vehicles, starting with £20million in 2018 with further commitments being made in 2021 and 2023 to maintain exposure to this asset class as capital is returned. As at the end of the year the earliest investment has returned call capital with the remaining two continuing to return capital. As at the year end the total value of private debt investments totalled £18.7m with this manager. The since inception internal rate of return (IRR) for private debt investments is 5.5%.

Pooled Infrastructure

The infrastructure investment is made via one manager. The capital is invested in a globally diversified infrastructure fund investing in core assets. The total net asset value of this fund is over $50billion with over 1000 investors. The strategy invests within operational assets and provides a defensive focus including those in critical assets which are underpinned by long term contracts, supported by regulation in many cases and situated in developed markets are favoured. The Fund is denominated in USD with the quarterly income converted to GBP when received and carrying value translated to GBP. The carrying value of the investment in GBP is now £9.2m and generated £0.5m income in 2025/26 or 5.2% as a net income percentage in the year. The return since the original investment was made in January 2023 has been 7.2% pa.

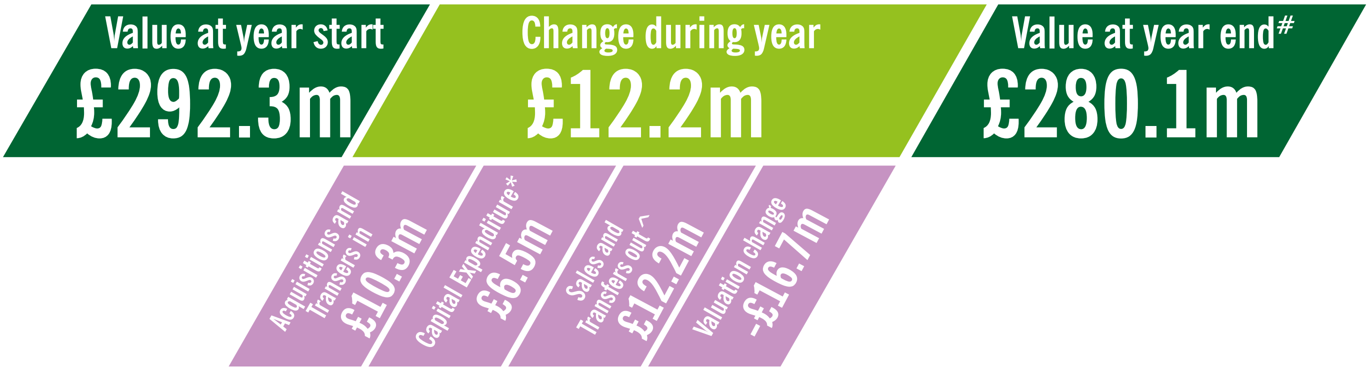
Pooled Bank Risk Share

The Fund also originally invested in a bank risk share strategy in 2022/23 and in a follow on fund in 2025. Over the two funds managed by the same investment manager the IiLP invested £24.7million. Both funds provide are regularly returning capital and income, with a net asset value of £17.7million at the year end. Income received during 2025/26 continued to be strong with £1.9million received. Over both investments the net income percentage was 12.3% in the year. The interest rate conditions over the last three years which were unfavourable (higher for longer bank interest rates) for many investment sectors have been a positive for this diversifying investment as its underlying investments are priced at a level which provides a margin over government base rates.

CHANGES TO THE PORTFOLIO DURING THE YEAR

Summary of Changes

During the year, the value of the portfolio, including the let areas of County Hall, reduced from £292.3m as at 31st March 2025 to £280.1m as at 31st March 2026. The chart below summarises the transactions and valuation movements that contributed to this change.



#Direct portfolio properties valued as at 31st March 2026 following previous valuation as at 1st October 2024.

TRANSACTIONS THROUGH THE YEAR

Direct property acquisitions

There were no property acquisitions during the year.

Property Disposals

Property disposals to the value of £1,983,780 as detailed in the table below were completed during the year.

Property	Receipt	Sector
Part Poole Farm, Quorn	£438,780	Development
Poplars Farmstead, Kimcote	£920,000	Rural
Glebe House, Loughborough	£625,000	Other
Total	**£1,983,780**	

Property Transfers

Property transfers to the value of £10,285,000 were made during the year, either on the completion of construction works in the case of developments to be retained as investment assets, or on being declared surplus and successfully marketed in respect of residential development sites.

Property	Transfer Value	Sector	Destination
Phases 3 & 4 Airfield Business Park	£10,285,000	Development	Industrial Sector
Total	**£10,285,000**		

PORTFOLIO REVIEW

Yield

The yield (achieved rent as a proportion of capital value) achieved by the direct managed portfolio was 4.5% (2.9% in 2024/25); the portfolio's overall yield being impacted development assets which has a higher weighting in our portfolio than many market property funds, meaning that overall, the portfolio will likely fall below the benchmark until such time as those developments are completed and become income generating or are released from the portfolio. In addition, the Fund also has exposure to rural assets which have lower yields and are held for a variety of other purposes.

Sector Proportions

The continued reduction in the value of the Diversifier portfolio as the level of capital returned to the fund (£7 million in year) exceeds the sums invested has resulted in a further shift in the balance between the two areas of investment with direct property 81% despite the reduction in the value of the direct property portfolio resulting from sales and the revaluation of rural assets and diversifiers at 19%. The target weighting between the two of 67% direct and 33% diversifiers was detailed in the Hymans Robertson Report IiLP strategy report of January 2024. A further strategy review is planned in 2026 which will inform the IiLP of changes that will be considered.

In relation to the direct property portfolio the long-term aim is to maintain a balance between sectors that reduces risk and maximises the potential for achieving financial resilience in the shorter term. In considering future acquisitions, the Programme will continue to focus any property purchases on assets that address market failure and provide wider economic and community benefits and the capability of contributing to the achievement of the County Council's strategic goals as well as delivering a long-term income stream, as set out in the IILP Strategy.

Rent Reviews, Lease Expiries, Vacancies and New Lettings

During the financial year 25/26 there were 9 lease renewals with rent reviews completed. This resulted in rental income across the portfolio increasing by £50k pa. Across the same period 7 leases ended with the tenants vacating.

There were 20 new lettings in the financial year 2025/2026. Key new lettings included the letting of Building 2 at Lichfield which saw new tenants take occupation of the recently refurbished building and new tenants moving onto Phase 3 of Airfield Business Park following the completion of the scheme. Overall, the new lettings throughout the year contributed an additional £466k per annum to the total rental income across the whole portfolio.

The significant number of new lettings saw vacancies across the estate decrease. Further work to secure new tenants will see a continued reduction in voids in the next financial year especially within the Coalville Business Centre and Loughborough Technology Centre.

The negotiation of rent reviews and lease renewals forms part of normal day-to-day property management, however the particular circumstances of individual leases means that it is not always appropriate to action these immediately they fall due. The total rent receivable at the end of the 2025/2026 financial year was £7.2m pa.

Following a consolidated period of rent reviews in respect of farm tenancies in previous years, 2 rent reviews have been concluded during the year. The total rental uplift across these two agreements is £2,300 per annum (equating to 15% uplift overall). A small number of new lettings have been agreed, 6 agreements, resulting in new rents of £85k per annum (a 26% uplift on the outgoing rents).

New Major Lettings

Airfield Business Park Phase 3

Phase 3 of Airfield Business Park completed in February 2026 and the site was handed over to the County Council. A number of pre-lets had been agreed, and leases for the EV charging area, Unit B1 and Units H3 & H4 were completed during February and March 2026. The leases for Units C1 and Unit F1 completed in May 2026. The remaining units are being marketed by external agents with tenants identified for Units H5 and H6.

Building 2, Lichfield

Following the completion of the major refurbishment works to split the building to two lettable units, the lease for the ground floor unit completed in July 2025. Tenants for the first floor were soon secured and took occupation in October 2025. The annual rent passing for the building is now £327k pa.

Other Estates

New leases also completed at the Coalville Business Centre with one tenant taking occupation of units 2 and 3 on the ground floor. Subsequently the same tenant has decided to expand their operations on site and have just completed leases of additional units (units 9 and 15 and unit 12) in the building. Thes leased commenced in June 2026.

There was also considerable interest in the Loughborough Technology Centre with leases for two of the vacant units completing within the financial year and a number of other lettings agreed. These will complete in the 2026/2027 Financial Year.

A number of new leases have been completed across the industrial estates, maintaining high levels of occupancy. Of particular note is the premises Unit 18 Atlas Court which has been let to the existing tenants of Units 1 and 1A Atlas Court, and Unit 15 Apollo Court which has been let to the existing tenants at Units 4 and 5 Apollo Court, Coalville. In both instances this additional space has allowed the tenants to grow their businesses, increasing employment opportunities and continuing to invest in the local economy.

Future Property Investments

The MTFS for 2026-30 includes £18m for direct property investments including commitment of £7m to complete schemes in progress. This includes a balance for new direct property investments totalling £11m.

Leaders Farm South, Lutterworth

The site at Leaders Farm formed part of the County Farms portfolio and was identified as having possible office and industrial development potential some years ago.

Following a marketing exercise two major roadside food and drink retailers expressed an interest in part of the site extending to 1.6 acres at the north-western corner. Whilst a departure from the Local Plan, due to a lack of demand for the Class B1 – office uses, the prospective tenants have been successful in securing planning permission for the proposed drive through units.

The drive-through units will generate a stabilised income of £190k pa. The construction of the new units is now complete with two drive through operators taking possession of the units in June 2026.

The future development of the remainder of the site is now being reviewed. There is interest for Light industrial/ Distribution use. However, this would be a departure from the current local plan. If the County Council is successful in obtaining planning for the employment units, they are projected to generate an additional rental income for the Council.

Development Sites

The Fund holds a number of assets within the portfolio that have been expressly retained or purchased with a view to realising their development potential in order to realise capital receipts or wider financial benefits to support the Council's capital and revenue programmes.

Lutterworth East

A hybrid planning permission (in outline for the residential and commercial development and in detail for the spine road and other highways infrastructure works) was granted by Harborough District Council's Planning Committee on 28th July 2020. The accompanying Section 106 Agreement was completed, and the decision notice issued on 17th May 2022.

A review of the scheme was undertaken in 2024, with some initial soft market testing, recognising the context for the proposed development had changed since the application was submitted in 2019. The impact of COVID on where people work (less office space needed) and escalating costs due to build cost price inflation as well as the lack of grant funding as also reviewed. This has made the scheme challenging to the market to deliver in its current form due to the high levels of upfront infrastructure costs.

Two applications were submitted to Harborough District Council to seek a reduction of the minimum level of affordable housing to 10% (subject to a viability assessment on each of the four residential phases) and the size restrictions on the B8 units to the south of the site. These applications were approved at the planning committee (3rd December 2024) and are subject to final documentation.

The project team is continuing to progress the scheme towards securing an extant consent by May 2027. This will require construction of the highway entrance to the proposed strategic employment area, discharge of pre-commencement planning conditions and payment of the related s106 contributions. As would be expected for a development of this scale and complexity, updated viability and delivery planning is being carried out. This includes reviewing infrastructure requirements, phasing, market demand and funding assumptions so as to ensure that the delivery strategy remains current and reflects changing market conditions. Opportunities to work with external partners, including Homes England, are also being explored, where this could help support delivery, help address infrastructure or funding requirements, and strengthen the overall route to implementation.

M69 Junction 2 – West of Stoney Stanton SDA

Following the Cabinet decision in March 2020, work has been progressed on the promotion of 103 acres of County Council land as part of a larger residential-led mixed-use development of up to 5,000 houses. Working in collaboration with other landowners and their developer partners, submissions have been made to Blaby District Council's 'Call for Sites and Issues and Options' consultation and work is ongoing to provide the necessary evidence base to support the sites allocation as part of the emerging Blaby District Local Plan.

The local plan process has been significantly delayed with the result that the Regulation 19 Pre-Submission consultation is scheduled to take place in July/August 2026 pushing the likely date of adoption back to 2027. The scheme has been included as a proposed allocation in the Regulation 19 Pre-Submission Draft, and it is therefore proposed that an outline planning application be submitted in December 2026, in advance of the Examination in Public. The timing of surveys and site investigations is now being geared to the revised timetable.

Overall, the following progress has been made during the year: -

- The option agreement necessary to secure the land required to construct the link road has been agreed and is progressing to completion.
- Progress has been made in agreeing the scope of the transport modelling required to support the outline planning application with both the local Highway Authority and National Highways having regard to the need to ensure that active travel is maximised reducing the need for vehicular journeys.
- The master plan for the development is being finalised and will inform the phasing plans and housing trajectory.
- A fully costed Infrastructure Cost Plan has been produced enabling both the viability appraisal and the collaboration agreement with the Council's co-promoters to be progressed.
- The project team continues to consult regularly with Blaby District Council and, in addition to a full public consultation in advance of submitting the planning application, will progress further meetings with the Community Liaison Group, local Parish Councils and other key stakeholders as plans are finalised.

Other potential sites

A further pipeline of development sites is being brought forward through the local plan process. This involves submitting sites through Call for Sites consultations at the start of plan reviews and responding to later consultations as they progress. Securing future local plan allocations will help maintain investment returns and provide an ongoing stream of capital receipts.

A number of local authorities across Leicestershire have been progressing local plan reviews during the year. In addition to the West of Stoney Stanton SDA the previously unallocated sites detailed below have been identified as potential allocations within their respective local plans

Local Planning Authority	Site	Allocation
Blaby District Council	Land East of Lutterworth Road (Glebe Farm and adjoining land)	375 houses and replacement sports facilities
Blaby District Council	Land at Steeplechase Farm, Kilby	25 houses
Harborough District Council	Land at Ashby Road, Ullesthorpe	50 houses
Hinckley and Bosworth Borough Council	Land off Barton Road, Barlestone (Osbaston parish)	128 houses
North West Leicestershire District Council	Land off Heather Lane, Ravenstone	85 Houses
North West Leicestershire District Council	Land at Burton Road, Oakthorpe	10,700 sq m Employment

Further, a 30 house site at Welford Road, Husbands Bosworth has been included with the village's limits of development in the Neighbourhood Development Plan facilitating its development and 3 further unallocated sites at Hinckley, Heather and Croft, will continue to be promoted through the local plan process.

In addition to potential residential and employment opportunities, sites with potential to support the delivery of biodiversity gains are also being identified and could potentially support the pipeline of future sites by providing any off-site credits necessary to facilitate the delivery of the required statutory 10% gains.

County Hall Lettings

Letting of office accommodation within County Hall continued in the 2025/2026 financial year with 56,214sqft space within the main County Hall buildings let to NHS and LPT partners and tenants and a further 12,000sqft of accommodation let within Anstey Frith to LPT and DHU Health.

Voids

Voids (unoccupied space) across the portfolio for the 2025/2026 financial year averaged across the whole year at 7.9%. Office space accounted for the majority of the voids, with the Loughborough Technology Centre and Coalville Business Centre having a significant volume of unlet units. Over 95% of the industrial element of the portfolio was fully occupied throughout the year.

Continued strong demand for accommodation continues to suggest that the relatively low level of voids can be maintained and indeed there are several large leases that have completed in the early part of the 2026/2027 Financial Year (Unit C1 at Airfield Business Park) and a number of new leases which have completed at Loughborough Technology Centre (Units 35/36 and Suite C both completed in the first few months of the new financial year). Additionally, we have received some positive interest in vacant space at Coalville Business Centre.

Arrears (Direct Portfolio)

As of 31st March 2026, total 90-day debt amounted to £631k, equating to 6.6% of gross portfolio income, a fall of £350k from the previous year. Rent collection remains in line with wider industry performance with over 86% of rural rents and 82% of industrial and office rents collected on time for Q4 2025/26. Payment of all outstanding debts is being actively pursued through debt management procedures. Further, no debt is written off until such time as all avenues including court action have been fully exhausted.

Lease Expiry Profile (Direct Portfolio)

The table below illustrates the profile of rents receivable from leases expiring in each year within the portfolio over the next 6 years both in terms of rental value and a proportion of total rental income. Where a tenant has an option to break within a lease, the worst-case scenario that the tenant will exercise such an option is assumed, whereas in practice most tenants are not choosing to take this option.

Year from	Current net rent	Percentage of total rent roll
01/04/2026	£856k	12.3%
01/04/2027	£409k	5.9%
01/04/2028	£594k	8.5%
01/04/2029	£243k	3.5%
01/04/2030	£194k	2.8%
01/04/2031	£439k	6.3%

The largest figure in the table above, and presenting the greatest risk to the portfolio, relates to the 2026 financial year when two leases at Embankment House, Nottingham and 6 of the 17 leases at Apollo Court, Coalville expire. In accordance with usual practice, a policy of early engagement with tenants is pursued with a view to agreeing lease renewals in advance of the termination date.

Key Performance indicators

The performance of the portfolio's direct property assets measured against the portfolio's KPIs is detailed in the table below. The current suite of IiLP KPI's is under review, as part of a wider review of the portfolio and the future management strategy of the individual sectors, ensuring that they remain fit for purpose reflecting benchmarks within the wider market and the targeted objectives of each sector. Accordingly, additional KPIs for the Rural Estate will be developed in the current year to ensure the objectives contained within the Rural Strategy are monitored and regularly reported.

Performance Indicator and Description	Performance 2025-2026	Target
Total IILP Income return 2025/26	3.0%	Meet with average market benchmark net income return target > 4.2%
Total IILP Capital growth 2025/26	-5.7%	Meet with average market benchmark yearly capital growth target > 1.8%
6A i Rate of Return (total return) 2025/26 vs medium term IiLP strategy target	-2.7%	Meet IiLP medium term Investment Strategy target Rate of Return > 6.0%
6A ii Rate of Return (total return) 2025/26 vs UK market benchmark 2025/26	-2.7% (3 year total return 15.3%) (5 year total return 12.6%)	Meet 2025/26 UK market benchmark return on capital over the whole portfolio > 6.0% (3 year benchmark total return 8.3%) (5 year benchmark total return 6.2%)
2025/26 Rental Income inc. County Hall (excludes service charges and other income)	£7.2m	Increase rental income from managed property year on year. 2024-25 = £7.7m
Voids	7.9%	Meet average market benchmark level of voids by area < 8.9%
Debt	6.6%	Meet 90 day debt target < 10% of gross income
Net income	£8.6m	Increase net income over the whole portfolio (including diversified investments) year on year 2024-25 = £8.6m
Management costs	5.7%	Meet management cost target < 15%

PROPERTY INVESTMENT MARKET REVIEW

Economic Conditions

UK gross domestic product (GDP) grew by 0.6% in Quarter 1 (Jan to Mar) 2026 and is estimated to have maintained the 0.7% growth in the three months to May, supported by 0.7% growth in services output and a 1.6% increase in construction activity, while production output fell by 0.1%. The unemployment rate reached 4.9% in June, compared with 0.7% a year earlier. Annual regular wage growth held at 3.4%, remaining above the pre-pandemic average of 2.7%. Retail sales volumes increased by 1.0% in June after rising 1.2% in May. HM Treasury forecasts indicate interest rates are expected to remain stable through the remainder of 2026. However, with PMI falling to 49.3 economic conditions could be more challenging in the second half of the year.

The unemployment rate remained at 4.9% for the 3 months to June 2026, up from 4.7% a year ago but a reduction from the 5.2% recorded in December 2025 whilst the number of job vacancies and people employed continued to decline over the 3 month period. However, wage inflation has slowed from 5.0% in July 2025 to 3.5% in July 2026, a real terms increase of 0.7% over the year.

CPI inflation rose to 2.9% in July from 2.6% in June with housing, household services and furniture making the largest contribution to the rise; transport making the largest, partially off-setting downward contribution. However, with volatile oil prices it is anticipated that inflation could rise later in the year and remain above the Bank of England 2% target until at least 2027. The Bank of England held interest rates at 3.75% for the tenth month in July but finds itself in a difficult position with continued economic uncertainty suggesting that if inflation spikes, interest rates could rise significantly by the year end.

Economic Outlook

The Q1 growth of 0.6% is anticipated to be the high point of the year with current predictions based on recent PMI data and the ongoing geopolitical disruptions in the Middle East suggesting the economy will enter a period of stagnation over the coming quarters and deliver 0.8% to 1.0% growth over the year with services continuing to be the strongest sector in the economy, with predicted growth of 1.3% this year.

The economy is expected to remain at a similar level in 2027, with GDP growth of 1%. It is forecast to pick up to 1.3% in 2028.

Investment Market

According to transaction data from Real Capital Analytics, quarterly volumes fell from 2025 Q4's near four-year high of £19bn to £9.3bn in Q1 2026. The Q1 figure was around 30% below the five-year quarterly average and down by 16% compared to Q1 2025 reflecting the general lack of investor confidence and the tightening of lending conditions.

Overseas capital makes up 42% of all investment into UK commercial real estate so far in Q1, which is below the ten-year average share of 51%. US investors continue to be dominant, having invested a total of £1.1bn so far this year, followed by Japan, Spain, Canada and Switzerland. Private investors continue to increase their exposure, accounting for a 31% share of all investment (ten-year average: 17%), while the share of institutional capital stands at 20%.

With credit conditions deteriorating and capital value expectations weakening, influenced by geopolitical tensions in the Middle East and renewed inflationary pressures the RICS UK Commercial Property Monitor for Q1 2026 points to a more challenging market conditions ahead.

Property Market Forecasts

The outlook for commercial real estate remains uncertain. Investor confidence is subdued, with ongoing geopolitical uncertainty, weaker economic growth, inflationary pressure and the outlook for interest rates continuing to affect market sentiment. Investment activity is therefore expected to remain weaker in the short term.

Rental growth is forecast to continue, although at a more modest pace. Across all property, rental growth is expected to be around 2.5% in 2026, with stronger performance in prime offices and industrial assets. Capital growth forecasts are more limited, with all-property capital growth expected to be around 0.3% in 2026 before improving in 2027.

The office market remains polarised. Demand is strongest for modern, well-located Grade A accommodation, where supply is limited and rental growth remains positive. Secondary office accommodation continues to face greater pressure, with higher vacancy risk and weaker rental prospects.

Industrial and distribution assets remain supported by occupier demand, although investment volumes have fallen and vacancy rates have increased as more supply has come forward. Rental growth is expected to moderate during 2026 before stabilising as the development pipeline reduces.

Retail market recovery remains fragile. Retail parks continue to perform better than other retail sub-sectors, supported by low vacancy rates and demand from value operators and discounters. However, wider retail performance remains sensitive to inflation, household spending and consumer confidence.

Rural property continues to be viewed as a relatively resilient asset class. Although income returns remain modest, demand for land is supported by competing uses including agriculture, development, energy and environmental objectives. Values are expected to remain broadly stable in the short term, with potential for further growth as policy certainty improves.

Overall, the market outlook supports a cautious and selective approach to future investment decisions. For the IiLP, this reinforces the importance of protecting income, maintaining high occupancy levels and focusing investment on assets that are capable of delivering both resilient financial returns and wider economic, social and environmental benefits. It also underlines the need for active management of lease expiries, voids and re-letting risks, particularly in the office sector where market conditions remain more challenging.

The outlook also supports continued focus on industrial and employment-generating assets where occupier demand remains comparatively stronger, while recognising that development and rural assets may deliver value over a longer timeframe through capital growth, strategic land promotion, environmental outcomes and support for the local economy. The planned strategy review provides an opportunity to consider the balance between direct property and diversifier investments, future sector exposure and the pace at which capital should be redeployed in the current market.

Investment Strategy Update

The Portfolio Management Strategy for 2026 to 2030 is aimed at supporting the development of the Portfolio to further enhance its contribution to the delivery of strategic goals whilst continuing to improve the Council's financial resilience as demand on services and operating costs continue to rise. It outlines how the Council will look to direct investments during this period developing the Portfolio to address areas of specific economic or social market failure and how it will manage these to help achieve the strategic priorities of the Council.

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.

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).

The implementation of this strategy coupled with robust performance monitoring measures will ensure that the portfolio operates effectively and delivers value for money.

The Programme's strategy continues to be reviewed annually, and an updated strategy will be incorporated within the Medium-Term Financial Strategy which will be considered by Cabinet and full Council later in the year.

Rural Estate Strategy

The Rural Estate Strategy 2026-36 was developed over the last year and following extensive engagement including a period of consultation was adopted by the Cabinet on 28th April 2026 and will guide the strategic management of the estate for the next 10 years to ensure it delivers its vision "to create a Rural Estate that provides opportunities for people to establish thriving rural businesses, supports the rural economy and local communities and makes an increasing contribution to the attainment of the Council's strategic objectives whilst delivering ongoing financial benefits".

The vision is supported by the following four key ambitions each supported by a suite of objectives to be achieve over the lifetime of the strategy:

- To retain a core estate of farms that are of sufficient size and suitably equipped, which support new entrants and existing tenants to run a viable farming business resilient to changing market conditions.
- To increase the contribution the Estate makes to the environmental, social and economic wellbeing of Leicestershire and contributes to the achievement of the objectives and outcomes of the Council's Strategic Plan.
- To realise the Estate's potential to deliver financial benefits that help support the provision of services for the people of Leicestershire.
- To strengthen existing partnerships and create new relationships with stakeholders to secure the delivery of strategic objectives and outcomes.

A supporting implementation plan is in place to ensure delivery of the Rural Estate Strategy, with progress monitored alongside wider IiLP performance and governance arrangements.

GLOSSARY

90 Day Debt: For LCC KPI purposes, debt over 90 days past due is performance benchmarked.

Absorption: Represents the uptake in space by leasing activity; a positive number indicates more space leased out than taken in-hand on a tenant's exit, conversely a negative figure shows that more space is taken back than leased out during a period.

All Property Yield: All Property Yield is the calculation of the Yield (defined below) across all property asset classes (i.e., a portfolio yield)

Bad Debt: Bad debt is taken as any debtor account (most likely rent) which has remained due beyond 6 months. A bad debt provision is held against the debtor sum, and when the debt is cleared the provision is credited back to the revenue account.

Capital Growth: Capital Growth is the increase of the capital value, net of capital expenditure or income expressed as a percentage of capital employed. (Closing Value – Opening Value – Capital Expenditure + Capital Receipts)/(Opening Value + Capital Expenditure)

Diversifiers: This describes investments which are not directly owned properties within the Leicestershire boundaries. As a result they are not subject to the same risks as directly owned property. The investments are made subject to the investment strategy for the IiLP which was last updated in early 2024. The current investments include UK diversified commercial property and are accessed by investments in institutional property funds, global private credit funds which provide finance to corporate borrowers for a fixed term and global infrastructure funds where the underlying holdings include ports, toll roads and renewable energy assets.

Hope Value: This is the value applied to a market valuation attributed to future development potential.

Lease Expiry: Most commercial and agricultural leases do not automatically terminate on expiry but continue to "hold over" with the tenant bound to perform the obligations of the lease. There is no specific requirement to renew the lease, but the tenant usually gains a more flexible position in respect of notice to quit provisions. The Landlord remains bound by statutory restrictions on termination such as grounds for notice or time limitations.

Net Income Return: Net Income Return is the net income receivable expressed as a percentage of capital employed. This differs from the Initial Yield as it considers costs of ownership, including capital expenditure. (Net Income)/(Opening Value + Capital Expenditure).

Rent Review: Commercial and agricultural leases usually allow for periodic review of rents. Across the IiLP these are most commonly on a 3 year cycle, the rent due is reviewed by negotiation and reference to comparable rents or a statutory formula. Occasionally rents will be reviewed by reference to RPI or other inflationary measures, although these are less common for the types of assets held by IiLP.

Rent Roll: The rent roll is the total annual income achievable by the property without deduction for rental allowances (i.e., rent-free periods) or other incentives, back-dated charges, premiums, or non-rental charges.

Sinking Fund: A sinking fund is a provision held on the balance sheet to offset or mitigate possible future costs incurred such as major incidents, significant revenue expenditure, etc.

Total Return: Total Return is the sum of the Capital Growth and Net Income Return.

Voids: Where commercial or agricultural property is vacant but physically capable of being leased or occupied it is classified as a void; property which does not meet statutory requirements for letting and is pending refurbishment, or unoccupied but leased is not included within the void figures.

Yield: Yield is the rental income expressed as a percentage of capital value. (Rental Income)/(Opening Value). In the context of this report, yield is used as a valuation comparator rather than solely as an expression of returns.

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SCRUTINY COMMISSION – 2 SEPTEMBER 2026

CORPORATE ASSET MANAGEMENT PLAN 2022 - 26 ANNUAL PERFORMANCE AND STRATEGY UPDATE REPORT 2025 – 2026

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of Report

1. The purpose of this report is to set out the performance achieved against the Council's Corporate Asset Management Plan during 2025-2026, outline changes in strategy and provide details of the work programmed for 2026 - 2027.

Policy Framework and Previous Decisions

2. The Council's Strategic Plan 2022 - 2026, approved by full Council on 18 May 2022, provides a strategic planning framework for the Council which will ensure that all service plans and strategies contribute to delivery of the Council's vision for Leicestershire. It sets out five strategic outcomes, namely Clean and Green, Improved Opportunities, Great Communities, Safe and Well and Strong Economy, Transport and Infrastructure.

3. The Medium Term Financial Strategy (MTFS) 2026–2030 was approved by the County Council on 18 February 2026. This includes the allocation of resources to fund the Capital Programme up to 2029/30.

4. The Scrutiny Commission considered the Corporate Asset Management Plan (CAMP) 2022-26 in September 2022 prior to its approval by the Cabinet on 23 September 2022.

Background

5. Leicestershire County Council's property portfolio is a significant corporate resource. It supports the delivery of essential services, enables investment in communities, contributes to the Council's financial resilience, and provides the physical platform from which services can respond to changing need. Ensuring that the portfolio remains fit for purpose, efficient, sustainable and affordable is therefore central to the Council's ability to deliver high-quality services now and in the future.

6. The Corporate Asset Management Plan 2022–2026 sets out the strategic framework for managing the Council's land and property assets. It established the principles by which the portfolio should be maintained, improved, challenged and, where appropriate, rationalised, so that property decisions are aligned with the Council's wider strategic outcomes.

7. This Annual Performance and Strategy Update Report reviews delivery during 2025–2026 and looks ahead to the priorities for 2026 - 2027 and beyond. It brings together performance data, progress against key indicators, delivery of capital projects, maintenance activity, asset challenge outcomes and the forward programme of work. In doing so, it provides assurance on progress made, identifies areas where improvement is required, and supports informed decision-making about the future shape, size and use of the Council's estate.

8. The report also recognises that effective asset management is not simply about maintaining buildings. It is about ensuring the right assets are held for the right reasons; that they support service transformation, value for money and community outcomes; that they contribute to climate and energy objectives; and that surplus or under-performing assets are actively challenged.

9. The CAMP will evolve in response to LGR as future asset ownership, responsibilities and portfolio strategy become clearer, building on its established focus on estate efficiency and corporate alignment.

The Portfolio

10. In March 2026, the Council's portfolio comprised a total of 710 freehold and leasehold property assets with a combined value of £521 million. Such properties range from the County Hall campus, locality offices, schools, depots, libraries, farms, offices and industrial units together with land acquired to support the roadbuilding and schools' programmes.

11. The portfolio is split into two main categories – Corporate Landlord (CLL) and the Investing in Leicestershire Programme (IiLP). The CLL Estate and IiLP portfolio are held for different purposes and are therefore managed, funded and assessed in different ways.

12. Corporate assets are primarily held to support the delivery of Council services, including schools, offices, depots, libraries, community facilities and other operational property. These assets are managed to ensure they are fit for purpose, safe, compliant, affordable and aligned with service need.

13. By contrast, the IiLP portfolio is held mainly as an investment portfolio, with assets managed primarily to generate revenue income, support capital growth and contribute to the Council's wider financial resilience. In addition, some of the IiLP assets are held to encourage and promote local business development and employment opportunities, for example, the Four Oaks Industrial Estate assets and Loughborough Technology Centre.

14. The overall number of property assets reduced by 6 from 716 in 2025 as a result of the number of disposals and leases surrendered exceeding that of additional purchases, the development of new assets or adjustments where assets have been split between two service categories.

Schedule of Assets: Comparison between March 2025 and March 2026							
Asset category	**2025 assets held**	**2026 assets held**	**Difference**	**2025 value £m**	**2026 value £m**	**Difference £m**	**2026 asset % by value**
Nursery School	1	1	0	£0	£0	£0	0
Primary School	223	223	0	£91	£84	-£7	16
Secondary School	47	47	0	£0	£0	£0	0
Special School	15	15	0	£28	£25	-£3	5
C&FS/Other	23	23	0	£13	£13	£0	3
A&C Other	14	13	-1	£13	£13	£0	3
Offices (Including County Hall)	13	13	0	£50	£58	£8	11
Libraries Museums/Records	49	50	1	£18	£20	£2	4
Depot / Depot and Transport Fleet Base	7	9	2	£9	£12	£3	2
Waste HWRS / RHWS	15	15	0	£20	£21	£1	4
E&T Highway Infrastructure	Not separately shown	19	n/a	n/a	£2	n/a	0
Park and Ride	1	1	0	£3	£3	£0	1
Travellers Sites	2	2	0	£3	£2	-£1	0
Country Parks and Community Assets	25	25	0	£14	£11	-£3	2
Outdoor Residential Centre (Beaumanor)	1	1	0	£15	£15	£0	3
Managed Assets and land in Advance	70	72	2	£9	£9	£0	2
Surplus Property & Assets Held for Sale	33	28	-5	£2	£6	£4	3
Investing in Leicestershire Programme	158	153	-5	£231	£227	-£4	42
Total	**716**	**710**	**-6**	**£519**	**£521**	**£2**	**100**

Note: All numbers are rounded to nearest whole number

15. The total value of the Council's property portfolio increased by £2m, from £519m in 2025 to £521m in 2026. This reflects an uplift in the value of the corporate estate, partly offset by a reduction in the IiLP portfolio as a result of external valuers excluding "hope value" from rural estate valuations in accordance with revised guidance. Despite this reduction, IiLP remains the largest single element of the portfolio, valued at £227m and accounting for 44% of total asset value; the valuation of the schools portfolio looking artificially low as academy schools are valued at a nominal £1.00 to reflect the 125 year lease. The 2026 valuation is provisional, subject to external audit review, and has been prepared by external consultants in accordance with nationally accepted valuation guidance.

16. The main movements in the portfolio were the continued reduction in overall asset numbers, the increase in the value of the corporate estate, the separate reporting of Highway Infrastructure assets, and the reduction in the IiLP valuation. Schools remain the largest category by number, with nursery, primary, secondary and special schools together accounting for 286 assets. Education asset numbers remained stable during the year, with value changes reflecting valuation methodology and academy-related lease arrangements rather than changes in operational provision. Surplus property and assets held for sale reduced from 33 to 28 assets, reflecting ongoing disposal activity and the continued reduction of non-operational assets. Offices, including County Hall, remained unchanged in number but increased in value by £8m, largely due to an increase in the value of County Hall.

17. The number and value of non-operational assets continued to reduce in 2025–26, from 104 assets valued at £21m to 100 assets valued at £15m. This reflects completed disposals, infrastructure delivery and revaluation. The current £15m valuation is split between Land in Advance (£3m), Managed Assets (£6m), Surplus Properties (£2m) and Land Held for Sale (£4m).

18. The MTFS 2026 – 2030 has allocated £501m of funding to support the delivery of the capital programme over the 4-year period. Of this total, projects to the value of £156m (31%) have a property input. These include the delivery of the school place programme, the IILP investment programme and the planning and delivery of major infrastructure projects. In 2026 – 2027 the proportion of property related projects represents 49% of the overall programme with a value of £66m.

Maintenance

19. The Central Maintenance Fund (CMF) supports the routine maintenance of the operational corporate property portfolio. Expenditure was £3.3m in 2025-2026 and there was an additional capital expenditure of £1m on condition improvement works in year, including works at Beaumanor Hall, Anstey Frith House structural repairs, Kegworth Library roof replacement, main LCC Data Centre electrical infrastructure renewal. A summary is detailed in the table below:

Maintenance Expenditure 2025–26: Corporate Operational Property	
Expenditure category	**Amount / proportion**
Revenue expenditure	
Reactive maintenance	£1.7m
Planned maintenance	£1.6m
Total CMF expenditure	**£3.3m**
Capital maintenance expenditure	
Planned condition improvements	£1.0m
Total maintenance expenditure	**£4.3m**
Maintenance split	
Planned maintenance	60%
Reactive maintenance	40%

20. The programme continues to prioritise planned maintenance where possible, again increasing its proportion of total expenditure in 2025-26, while retaining sufficient flexibility to respond to urgent health and safety, statutory compliance and operational requirements. In 2025–26, planned and reactive works were supported by targeted capital condition improvements to help maintain the operational estate and reduce future risk.

21. The estimated future liabilities in respect of essential maintenance, repair and improvements required to meet Health and Safety and regulatory compliance has risen by £2.7m in 2025 – 26 to £53.8m for the whole of the Council's property portfolio reflecting continued inflation within the construction sector. £1.8m (3.3%) falls within the most urgent priority 1 category which requires issues to be addressed within 12 months.

Performance in 2025 - 26

22. The CAMP Action Plan is divided into three sections covering - the property related input to the delivery of the MTFS capital programme, the reviews and strategy updates necessary to support service delivery and improvement, plus the ongoing annual property management programme.

Delivery of Strategic Objectives

Delivery of Strategic Objectives 2025–26		
Objective	**2025–26 position**	**Key evidence / outcome**
Meet the capital receipts target	Exceeded target	Disposals of £6.904m were achieved against a £6m target, supporting the capital programme and wider service provision.
Maximise revenue income and cost savings	Progress made	The CLL and liLP portfolios generated £9.5m gross income; 53 rent reviews and lease renewals were progressed; rating challenges

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		have generated £1.4m savings over the contract period.
Deliver capital programme projects	Delivered / on track	The 2025–26 schools capital programme was delivered in full, with Hastings High School, Iveshead Secondary School and Birchwood Special School completed on schedule.
Complete the CMF works programme	Completed	The planned and reactive maintenance programme was completed at a cost of £3.30m, with additional condition improvements delivered across corporate assets.
Support the Energy Strategy	Ongoing delivery	Energy monitoring, targeted reviews of high-consuming sites, sustained solar PV generation and EV charging installations supported energy and climate objectives.
Develop PAMS	In progress	System upgrade work continued, with further enhancements planned for 2026–27 to improve data management and reporting capability.
Support Ways of Working	Programme concluded; benefits ongoing	Property Services continues to identify under-utilised premises and office space, with further rationalisation planned to support savings and rental income.

Capital Programme Projects

23. The MTFS 2026 – 2030 has allocated £501m of funding to support the delivery of the capital programme over the 4-year period. Of this total, projects to the value of £156m (31%) have a property input. These include the delivery of the school place programme, the IILP investment programme and the planning and delivery of major infrastructure projects. In 2026 – 2027 the proportion of property related projects represents 49% of the overall programme with a value of £66m.

24. The Action Plan 2025 - 29 detailed 34 capital programme projects which have a property related input. 25 of these projects were either due for completion during 2025 - 2026 or had a phase of works due for completion in that year. Of the 25 projects identified, 15 (60%) were completed on schedule. The remaining projects were primarily affected by changed economic conditions, revised service requirements and planning delays. These schemes remain live within the programme, are being actively managed with services, and are expected to remain within approved budgets. The following were among the projects successfully completed in 2025-26:

Capital Programme Projects Successfully Completed in 2025–26	
Programme area	**Projects delivered**

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School expansions and school place delivery	Expansion of Hastings High School; expansion of Birchwood School, Melton Mowbray; extension of Iveshead Secondary School; ongoing delivery of the School Place Programme.
Schools capital, access and security programmes	Ongoing delivery of the Schools Devolved Formula Capital Programme and the Schools Access and Security Programme.
Children's services and community provision	Ongoing delivery of the Children's Residential Homes Programme and delivery of projects within the s106-funded library improvements programme.
Workplace and operational property improvements	Workplace strategy final moves within the Ways of Working Programme; Anstey Frith House replacement windows and roof beams; Croft Depot roller shutter door replacement; Kegworth Library re-roofing; Romulus Court refurbishment.
Investment and capital maintenance	Airfield Business Park – Phase 3 and 4; ongoing delivery of the Capital Maintenance Programme.

25. Of the ongoing projects due for completion in future years, 71% are currently on or ahead of schedule.

<u>Reviews and strategy updates</u>

26. A programme of 14 property reviews and strategy updates, necessary to support service improvement were detailed in the Action Plan and due to be undertaken in 2025-2026. Of these 8 (57%) including the review of SEND provision in South Leicestershire resulting in the proposed new school at Husbands Bosworth, the review of the IILP rural estate to support the Rural Estate Strategy, the Asset Challenge Programme the Review of Operational and Strategic Property Services and the further development of the Programme Management Office together with the annual reviews of, school place requirements, the CAMP and IILP Strategy were completed in the year.

27. Work on the remaining 6 including the reviews of the Secondary Education Inclusion Partnerships (SEIPS), the Property Asset Management Systems, the further development of the Programme Management Office, the BNG Delivery Strategy, the Fleet Transition Feasibility Study, the further review of IILP portfolio assets and work in relation to the forward planning of infrastructure schemes remain ongoing and due for completion within a timescale that does not impact service outcomes.

<u>Performance Indicators</u>

28. The CAMP recognised that effective asset management requires performance to be monitored and outcomes to be measured. It therefore established a set of realistic but challenging key performance indicators intended to drive year-on-year improvement. These indicators fall within three main areas:

- The CIPFA approved indicators in respect the condition, maintenance, sufficiency and environmental performance of the portfolio.
- Local performance indicators relating to matters specific to the County Council such as the level of capital receipts.
- IiLP performance indicators, which compare the portfolio's performance against market benchmarks.

29. Overall, of the 25 performance indicators assessed across the three categories in 2025–26, 52% were achieved, compared with 67% in 2024–25. One further indicator showed significant improvement and 11 indicators were not achieved. The reduction in overall performance was largely attributable to 6 of the IiLP portfolio KPIs not being achieved, reflecting constrained capital growth as detailed in the IiLP Annual Performance Report 2025–26.

30. By contrast, the CLL portfolio showed positive movement, with improved overall condition, a reduction in urgent maintenance and repairs in real terms, and further improvement in the proportion of planned maintenance, although, as a result of continued high construction cost inflation, the overall maintenance backlog and the annual cost of maintenance exceeded target levels with 3 indicators failing to be achieved.

31. Environmental performance was positive overall. Total energy usage reduced by 11%, contributing to lower energy expenditure and reduced carbon emissions. When combined with reductions in unit cost, this resulted in a 29% real-terms reduction in energy expenditure. Water usage was the only environmental indicator not to be achieved in 2025-26.

32. The local indicators were also positive, with the internal targets relating to capital receipts, delivery of capital projects within budget and completion of the asset challenge programme all met and whilst the internal target for office space utilisation was met the central government benchmark failed to be achieved.

33. Taken together, the performance indicators show a mixed but useful picture of asset performance in 2025–26. The Council continued to perform well in areas directly linked to operational delivery, including capital receipts, capital project cost predictability, asset challenge and several environmental measures. The condition of the corporate estate also improved, with a higher proportion of assets rated good or satisfactory and a reduction in urgent maintenance requirements in real terms. However, the results also highlight continuing pressure from construction inflation, statutory compliance requirements, water usage, and the performance of parts of the IiLP portfolio in a more constrained market. The indicators will therefore be used to inform future prioritisation of maintenance investment, asset challenge activity, portfolio strategy and the refresh of KPIs for the next CAMP period.

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Asset Challenge

34. The Asset Challenge 2025/26 has been undertaken in accordance with the Corporate Asset Management Plan 2022–2026, which requires a challenge of assets in at least two district or borough areas each year. The 2025/26 review considered assets in Blaby District and Melton Borough, including non-operational assets previously reviewed in 2022/23.

35. The review assessed each asset against its strategic purpose, suitability, value for money, opportunities and risks, and potential for improved use, re-use, development or disposal. The outcomes have been used to inform recommendations on whether assets should be retained, improved, subject to further review, re-used, disposed of or surrendered.

36. In Blaby District, 103 assets were reviewed. The majority are recommended for retention, with 62 assets to be retained and 2 retained with improvement. A further 30 assets require further review, largely associated with the Investing in Leicestershire Programme, rural estate and specific school sustainability considerations. Eight assets are identified for disposal or surrender. The lease of Romulus Court has been surrendered, 3 represent viable marketing opportunities, namely the long-term future sale of land at Stoney Stanton, the Wolfdale site and a building plot at Countesthorpe; the balance being of a nominal value less than the cost of marketing

37. In Melton Borough, 73 assets were reviewed. Of these, 45 are recommended for retention and 1 for retention with improvement. A further 21 assets require further review, principally linked to primary school sustainability issues and the future management of the rural estate. Six assets are recommended for disposal or surrender, including development land at Sysonby Farm, which is expected to generate a substantial capital receipt once completion takes place following the opening of the Melton Mowbray Distributor Road.

38. The current estimated value of viable marketing opportunities either being marketed or declared surplus but not yet marketed is £10.4 million, with the potential for a further uplift payment from one disposal if future development is achieved. Revenue implications are limited as sales mostly relate to bare land sites previously maintained by the Council’s tenants, but current disposals are expected to generate annual property operating cost savings and avoided repair and maintenance costs of approximately £7,000.

39. The proposed actions are to dispose of surplus assets at ‘best value’ where this represents a viable marketing opportunity, pursue early sale to a special purchaser where appropriate, and ask services using assets occupied on licence to review whether their service delivery could be accommodated from existing County Council property. The next Asset Challenge in 2026/27 will consider the wider property portfolio in order to support the Local Government Reorganisation transition process.

Better Leicestershire Programme

40. As part of the wider Better Leicestershire transformation programme, the Council undertook an assessment focused on “Optimising Our Estate”. This work considered how the Council’s land and property portfolio could better support future service delivery, financial sustainability, and the Council’s Target Operating Model.

41. The assessment reviewed both the operational estate, which supports day-to-day service delivery, and the commercial estate, including the Investing in Leicestershire Programme portfolio. It identified opportunities to improve income generation, reduce operating costs, make better use of buildings, and support future locality-based service planning. This included reviewing asset utilisation, moving towards a more planned and preventative approach to maintenance, progressing locality reviews, and ensuring that property decisions are aligned with service strategies and future organisational requirements.

42. The assessment was intended to provide an evidence base for further detailed design, prioritisation and delivery planning. It recognised that property change can be complex and often requires careful sequencing due to legal, operational, service, community and market considerations. It also highlighted the importance of a clear corporate mandate, effective governance and sufficient capacity within Strategic Property Services if benefits are to be delivered at pace.

43. The themes identified and potential to deliver both financial and non-financial benefits will be progressed as part of the CAMP Action plan 2026/27.

Action Plan 2026 - 2030

44. The Action Plan is reviewed and refreshed annually in response to changing economic conditions, available resources and demands on services.

45. The plan has been developed in collaboration with service departments; reflecting the work required to deliver the capital programme 2026/27 – 2029/30, the property reviews necessary to support future service improvement and the ongoing “business as usual” management of the portfolio together with the property related functions associated with Local Government Reorganisation.

46. The Action Plan, included as the Appendix to this report, sets out the property work required to support delivery of the capital programme, future service and portfolio strategies, Local Government Reorganisation preparations and the ongoing management of the Council’s property portfolio. The Action Plan is structured around three areas: capital programme project delivery; reviews and development of future property strategies; and the ongoing annual property management programme.

Resource Implications

47. 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. The operation of the property portfolio will continue in this context, by looking to balance service requirements whilst contributing financially.

48. The four-year capital programme totals £501m. This includes investment for services, road and school infrastructure arising from housing growth in Leicestershire, the Investing in Leicestershire Programme, social care accommodation and general improvements to key assets.

49. The updated CAMP Action Plan, outlined in the Appendix highlights how the financial resources that have been allocated to the Council's corporate property resources in the capital programme and MTFS programmes/budgets will be utilised. Delivery of individual projects detailed in the Action Plan included in the appendix attached will be considered against a clear business case methodology.

Equality Implications

50. There are no direct equality implications arising from this report. Any equality implications relating to individual projects and strategies detailed within the CAMP will be considered in detail as part of their individual governance process

Human Rights Implications

51. There are no human rights implications arising from this report.

Environmental Implications

52. The CAMP 2022 – 2026 seeks to maximise the potential of the Council's assets to contribute to the delivery of the environmental improvements contained within the Strategic Plan's Clean and Green Strategic Outcome.

Background papers

County Council – 18th May 2022 – Strategic Plan (2022 – 2026)
https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=6482&Ver=4

County Council – 18th February 2026 – Medium Term Financial Strategy 2026/27 – 2029/30
https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=7391&Ver=4

Scrutiny Commission – 8th September 2025 – CAMP 2022 – 26 Annual Performance and Strategy Update Report 2024 – 2025
https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=137&MId=7445&Ver=4

Circulation under the Local Issues Alert Procedure

None.

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Appendix

The CAMP Action Plan 2026-30

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Appendix

Corporate Asset Management Action Plan 2026–27			
Section	**Programme / service area**	**2026–27 action plan priorities**	**Strategic outcome / purpose**
Capital programme project delivery	**Children and Family**	Monitor school capacity and extend or build new schools where required, including Hallam Fields Primary School expansion, Longfield Spencer Academy expansion and South Leicestershire SEND School. Continue programmes for capital maintenance, devolved formula capital, access and security, children's residential homes and section 106-funded school infrastructure, including New Lubbesthorpe Primary School expansion and Garendon Primary School.	Improved Opportunities; Strong Economy, Transport and Infrastructure
	Adults and Communities	Support the SCIP programme through extra care schemes.	Safe and Well
	Environment and Transport	Support major and minor schemes including Zouch Bridge, Melton Depot replacement and general depot improvements. Support Recycling and Household Waste Site improvements, including general improvements and section 106-funded schemes.	Strong Economy, Transport and Infrastructure; Green and Clean
	Corporate Resources – Property Services	Deliver property-related programmes including boiler replacement, County Hall installation of UPS to CWCs, Bosworth Battlefield car park and energy initiatives.	Supports the effective management and improvement of the corporate estate
	Investing in Leicestershire Programme	Progress Airfield Business Park Phase 3 and 4, M69 Junction 2 strategic development area, Lutterworth Leaders Farm drive-through restaurants, East of Lutterworth SDA planning and preparatory work, County Farms Estate general improvements, Industrial Properties Estate general improvements and asset acquisitions/new investments.	Strong Economy, Transport and Infrastructure; Green and Clean
Reviews and development of future property strategies	**Corporate**	Prepare the Annual Performance and Strategy Update Report, review the Action Plan to align with the MTFS and obtain Cabinet approval to any proposed modifications. Undertake an asset challenge of owned and leased property assets in preparation for Local Government Reorganisation, identifying assets for retention, improvement or potential surplus. Progress the Better Leicestershire "Optimising Our Estate" opportunity through detailed review, prioritisation and delivery planning, including analysis of asset utilisation, operating costs, income generation, locality requirements and opportunities for consolidation, co-location, investment, re-use or disposal.	All strategic outcomes
	Children and Family Services	Support forward planning of future school place delivery through work with partners and engagement with the Local Plan process. Review premises supporting Secondary Education Inclusion Partnerships, update the SEND	Improved Opportunities

		future delivery strategy in light of policy changes, and review the children's residential portfolio to support more complex needs and reduce reliance on private provision.	
	Adults and Communities	Develop a delivery strategy for countywide extra care provision in light of Better Leicestershire Efficiency Review recommendations, identifying the future property needs of the service.	Safe and Well
	Corporate Resources	Undertake the annual IiLP Investment Strategy review so that portfolio management and investment decisions reflect current market conditions and wider Council objectives. Undertake a rural estate asset management review to retain good-performing assets and land with future development potential, and identify underperforming assets for improvement or disposal. Continue the review of the K2 property asset management system to improve reporting functions required for a smooth transition of assets at Local Government Reorganisation.	All strategic outcomes; Strategic Change Portfolio
	Environment and Transport	Provide property advice for future major schemes, support the Fleet Transition Feasibility Study to maximise carbon reduction and value for money, and support development of a Biodiversity Net Gain delivery strategy, including identifying opportunities across the asset base.	Strong Economy, Transport and Infrastructure; Clean and Green
Ongoing annual property management programme	**Acquisitions, disposals and future development sites**	Prepare and deliver annual acquisitions and disposals programmes to support effective service delivery and the Council's capital programme. Identify potential future development sites through asset challenge and annual IiLP portfolio review and promote them through the planning system to secure best value from future disposals or development.	Supports financial resilience, service delivery and best value
	Valuations, maintenance, condition and compliance	Undertake asset and insurance valuations to meet statutory requirements. Prepare and implement a comprehensive Central Maintenance Fund repairs and maintenance programme, maximising planned maintenance while allowing for reactive and emergency maintenance where required. Re-survey a proportion of the portfolio each year to meet statutory compliance and inform future maintenance programmes.	Maintains compliance, safety, asset condition and value
	Portfolio management and traded services	Manage the Council's overall property portfolio, including facilities management, maintenance and repair, re-lettings, lease renewals, rent reviews, compensation claims, dilapidations and day-to-day property enquiries. Provide support for Freedom of Information requests and undertake ongoing performance review of property-related traded services.	Supports effective management of the estate and service delivery
	Energy, data and property systems	Maintain accurate energy data, including account and meter information, FIT and RHI submissions, MEES reviews and DEC/EPC requirements. Maintain accurate property and financial information and reporting systems to support portfolio management and performance assessment.	Green and Clean; supports evidence-based asset management

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SCRUTINY COMMISSION – 2nd SEPTEMBER 2026

CORPORATE COMPLAINTS AND COMPLIMENTS ANNUAL REPORT 2025 – 2026

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of Report

1. The purpose of this report is to present for the Commission's consideration the Corporate Complaints and Compliments Annual Report, covering the period from 1 April 2025 to 31 March 2026. This is attached as appendix A to this report.

Background

2. The Council manages and coordinates complaints using one of three policies and associated processes as follows:

   a) Children's Social Care Complaints Policy (statutory)
   b) Adult Social Care Complaints Policy (statutory)
   c) Corporate Complaints Procedure (complaints relating to other services provided by the Council where there is no access to a statutory complaint procedure)

3. An annual report is produced for each policy, with complaints managed under the Corporate Complaints Procedure as the primary subject of this report. However, the main annual report does include some figures in relation to statutory case volumes for completeness.

4. The annual reports relating to the two statutory processes are considered at their respective Overview and Scrutiny Committees in September of each year.

5. The Council's annual Corporate Complaints and Compliments Report is produced by the Complaints and Information Service and provides an insight on the key trends pertaining to complaints and compliments as well as wider case information.

6. The detail is included in the annual report itself, and a summary of the headline trends and insight emerging from the analysis of complaints activity during 2025/2026 is set out below.

Headlines (2024-25 comparative data is in brackets)

Demand/Volume

7. The Demand/volume of complaints for 2025/2026 was as follows:

a) 1,630 corporate complaints were received – a 26% increase (1,287) from 2024/2025. This is 224 complaints per 1,000 service users.
b) Children and Family Services and Environment and Transport Departments consistently present as the top two departments in terms of volume due to 'SENA' (Special Education Needs Assessment) and 'School and SEN Transport' related complaints.
c) The Local Government and Social Care Ombudsman received 146 complaints and enquiries in respect of the Council– a 19% increase (122) from 2024/2025.

Performance

8. The top five service areas where complaints cases were closed were:

- SENA
- Child Protection
- School & SEN Transport
- SENA School Place
- Highway Repair & Maintenance

<u>Stage 1 response times</u>

9. The Council's Complaints Procedure allow for up to 40 working days (from the date of receipt by the Council respond to Stage 1 complaints. During 2025/2026, the percentage of complaints responded to within 20 working days decreased from the previous year; however, 90% were responded to within 40 working days.

10. There is pressure across services with an increase of AI being used by complainants. Complainants are using AI to assist with complaints which is presenting challenges due to the length and complexity of the complaints being received taken longer to investigate and respond too

- 30% of all complaints received a response within 10 working days.
- 62% received a response within 20 working days.
- 90% received a response within the maximum 40 working days.

<u>Escalation to Stage 2 and response times</u>

11. If a complainant remains dissatisfied following the outcome of stage 1, they may request further consideration of their complaint. Such requests will be considered under Stage 2 of the Corporate Complaints Procedure.

12. In 2025/2026 218 complaints were escalated to Stage 2, a significant increase from previous years (74). This increase is driven mainly by Children and Family Services, specifically SEND. Work has been completed throughout the year to identify the root cause of stage 2 escalation to allow for improvement work to be completed. This increase highlights the importance of early resolution and strengthening response quality.

13. 39% of all Stage 2 complaints received a response within 20 working days. This has decreased from 2025/26 (51%). To assist with efficiency of responding to complaints and create consistency, the Complaints Team created a complaint template responses to be used across services.

<u>Local Government & Social Care Ombudsman (LGSCO)</u>

Enquiries

14. The LGSCO received 146 enquiries relating to the county council, in 2025/2026 compared to 122 in 2024/2025 (a 19% increase).

Decisions Upheld

15. 118 cases were received, of these 27 (33%) were investigated, with 25 of the 27 upheld, giving an uphold rate of 89%. Adjusted for Leicestershire County Council's population, this is 3.4 upheld decisions per 100,000 residents (compared to 4.5 for 24/25 and the average for similar authorities in 25/26 being 5.2).

Upheld Cases

16. There has been a reduction in the overall number of upheld cases from 33 to 25, of which:

    - Education & Children's Services received 17 (the top two were 6 cases for SENA and reviews and 6 cases for SEN provision and EHC (Education and Health Care) plans).
    - Adult Social Care received 8 (4 cases relating to domiciliary care).

17. It is worth noting that in the LGSCO's Annual Review of Local Government Complaints 2025-26 it was stated *'The picture painted by the complaints we deal with is consistent and concerning. In special education needs service, in housing and in adult social care, we are seeing the consequences of systems under sustained and serious strain'.*

18. The LGSCO's annual report states that Education made up 17% of complaints it received, with the main cause for upholding being SEN assessment & reviews and SEN Provision and EHC plans.

19. In respect of Adult Social Care the LGSCO's report confirmed 13% of the cases received were about adult social care with the main cause for being upheld being charging issues.

Remedy Payments

20. The Council continues to have regard to the LGSCO's guidance on remedies, and this has prevented several complaints escalating through appropriate local settlement offers.

21. Financial payments made across Corporate Complaints increased by £16,381 from £21,113 in 2024/2025 to £37,494 to 2025/2026. It should be cautioned that this figure does not include redress offered by the Council at the local stages of its complaints procedure.

Public Reports and Compliance

22. The LGSCO monitors remedies being carried out by the Council where fault has been found and remedial actions proposed. Failure to carry out remedies within agreed timeframes is recorded as non-compliance.

23. Cases that raise serious issues, highlight matters of public interest or cases of non-compliance can lead to the LGSCO issuing a Public Report.

24. The LGSCO did not issue any public reports against the Council during 2025/2026, and the Council complied with all recommendations.

Compliments

25. There was a 63% increase in the volume of compliments recorded during the year with 641 received across all services; with Libraries, Heritage and Museums receiving 63% of the total volume. Work has been completed throughout the year to encourage compliments, this included a QR code being introduced in libraries to encourage service users to provide feedback, training being completed with services on how to record compliments and a section on compliments being added to the new starter training session. The Complaints Team continue to encourage all service areas to notify us of any compliments received so we can continue to acknowledge the good work being completed across all service areas

Recommendations

26. The Commission is asked to:

    (a) note the contents of the Corporate Complaints Annual Report, attached as Appendix A, covering the period 1 April 2025 to 31 March 2026;

    (b) provide comment and feedback on the content and analysis within the report.

Background Papers

None.

Equality Implications

None

Human Rights Implications

None.

Circulation under the Local Issues Alert Procedure

None.

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List of Appendices

Corporate Complaints and Compliments Annual Report 2025 – 26

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Leicestershire County Council

Corporate Complaints and Compliments Annual Report

2025 - 2026

Executive Summary

This report summarises compliments, complaints and Local Government and Social Care Ombudsman activity relating to Leicestershire County Council during 2025/26. It outlines customer contact, complaint outcomes, response performance and how learning is being used to improve services.

The Council continues to deliver a wide range of statutory and discretionary services in a challenging environment, with rising demand and ongoing financial pressures. In 2025, there were more than 9.6 million contacts across e-forms, emails, telephone calls, web views and visits to County Hall. Given the scale and breadth of the Council's contact with residents, formal complaints continue to represent a small proportion of overall interactions. This provides important context for the complaint volumes reported, while recognising that each complaint remains a valuable opportunity to understand residents' experiences, resolve issues and improve services.

However, overall demand increased during 2025/26, with both complaints and compliments rising. Compliments increased significantly, particularly for Libraries, Heritage and Museums. Corporate complaints also increased, with the highest volumes relating to Children and Family Services and Environment and Transport. Special Educational Needs and SEN transport were the two highest complaint areas, with SEN notably higher than SEN transport.

Most Stage 1 Corporate Complaints were answered within the Council's maximum 40-working-day timescale, although fewer met the 10-working-day response aim. Stage 2 complaints increased substantially and response times declined, indicating greater dissatisfaction after the initial response and additional pressure on the process.

Complaint outcomes show the importance of learning from feedback. In 2025/26, 47% of Stage 1 and 42% of Stage 2 Corporate Complaints were upheld. The Council has reviewed areas with higher escalation, particularly SEN, and introduced new complaint response templates to support more consistent, thorough and clearly structured responses, with quality checks by the Complaints Team.

Ombudsman activity also provided external assurance and learning. Complaints and enquiries relating to Leicestershire increased, although decisions reduced slightly. Upheld cases fell from 33 to 25, the upheld rate per 100,000 residents improved, the Council complied with all Ombudsman recommendations, and no public reports were issued.

Overall, the report shows increasing complaint demand, while most complaints continue to be resolved through the Council's own procedures. The findings reinforce the need for early resolution, clear communication, timely responses and effective use of feedback to improve services. The Council will continue to strengthen complaint handling practice and use feedback from residents, service users and the Ombudsman to improve quality and consistency.

Background

Complaint Policies

The Council manages complaints using one of three policies and associated processes, these are:

1. Adult Social Care Complaints Policy

This policy follows legislative requirements and applies to adult social care services provided by or arranged by the Council. This is a two-stage statutory process (with the Ombudsman being the second stage) and may include (but not limited to) complaints relating to assessment of need, provision of services, delays, or decisions made under the Care Act 2014.

2. Children's Social Care Complaints Policy

This policy follows legislative requirements and applies to children's social care services provided by or arranged by the Council. This is a three-stage statutory process and may include (but not limited to) complaints regarding care planning and placement, services to children in need, child protection, fostering and adoption.

3. Corporate Complaints Procedure

This procedure is for complaints where the above two named statutory processes do not apply. The Corporate Complaints Procedure may not be used where exemptions apply, for example court proceedings or a tribunal process, or where other routes exist, for example, to report a pothole.

These policies can be found on the Council's Internet
www.leicestershire.gov.uk/about-the-council/contact-us/complaints-and-comments

Complaint Handling Structure

The Council operates a shared complaint handling model, where cases are received centrally and passed to individual services to investigate/respond to, with the central team then issuing the Council's response to the complainant. The central team provides support and guidance to services, the key services offered are:-

1. Complaints advice and support
2. Production of Performance Reports

3. Liaison with the Local Government and Social Care Ombudsman
4. Quality assurance of complaint responses
5. Complaint handling training for operational managers
6. Scrutiny and challenge to complaint responses

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

Overall Demand

Figure 1 below shows the demand, split by case type, for the last five reporting periods, whereas Figure 2 provides information regarding the percentage change.

There is a rising trend in overall demand across the four reporting periods, with the total demand increasing by 9% between 2024/25 and 2025/26.

The latest reporting period shows a shift in demand profile compared with the previous year. In 2024/25, most case types reduced, with complaints down 12%, ASC statutory complaints down 14%, Children's statutory complaints down 8%, compliments down 7% and LGSCO cases down 20%; enquiry cases were the only area of notable growth at 18%.

In 2025/26, this pattern reversed for several categories: complaints overall increased by 27%, compliments rose significantly by 63% and ASC statutory complaints increased by 12%, while enquiry cases fell by 18%. The Local Government & Social Care Ombudsman (LGSCO) and Children's statutory complaints continued to reduce, but at a much slower rate than in 2024/25.

Please note that each complaint stage is counted individually and Enquiry Cases are those matters that are either informally resolved, a first-time request for a service or require signposting to other organisations or to other routes for redress.

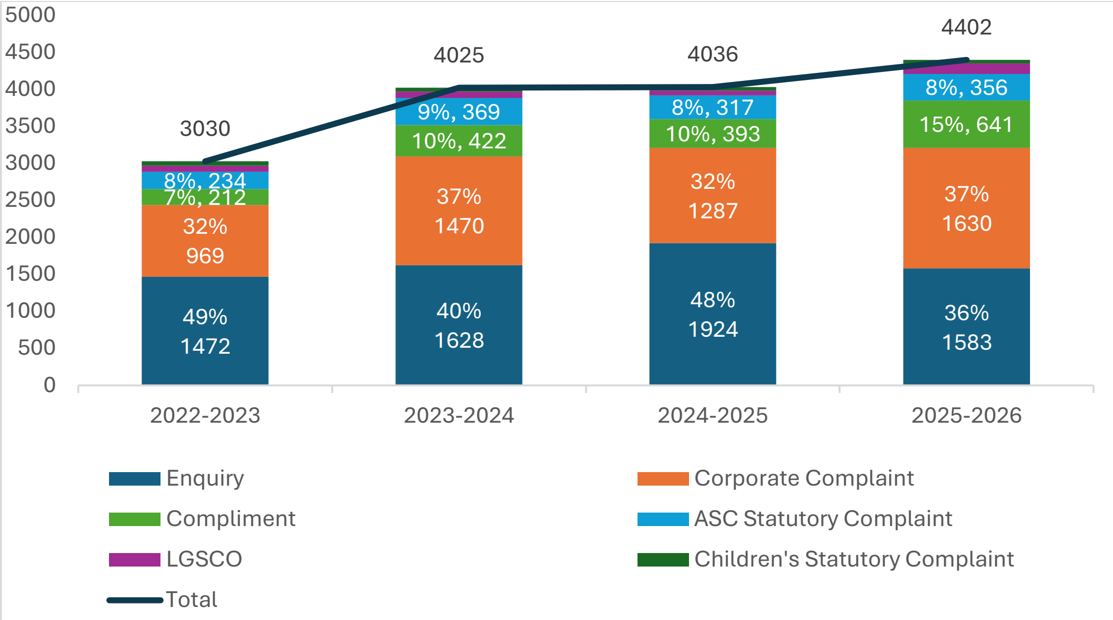


Figure 1 – chart showing demand (cases received), by case type, for each reporting period.

Case type	2021/2022 to 2022-2023	2022-2023 to 2023-202	2023-2024 to 2024-2025	2024-2025 to 2025-2026
Enquiry growth vs PY	2%	11%	18%	-18%
Complaint growth vs PY	65%	52%	-12%	27%
Compliment growth vs PY	-35%	99%	-7%	63%
ASC Statutory Complaint growth vs PY	16%	58%	-14%	12%
LGSCO growth vs PY	52%	2%	-20%	-6%
Children's Statutory Complaint growth	22%	-15%	-8%	-4%

Figure 2 - percentage change in case types for each reporting period

Compliments

The number of compliments received in 2025/2026 compared to 2024/2025 increased by 63% (248). The Adults and Communities department (as was named within these reporting periods) has consistently presented as the top department receiving compliments throughout the reporting periods shown. From a service perspective, Libraries, Heritage and Museums (a service within the Adults & Communities Department) received 63% of the 641 received in 2025/26. This service has received the most compliments in the last three reporting periods, reflecting the value residents place on this provision.

Analysis of the compliments shows that positive feedback is strongly linked to the quality of residents' interaction with staff and volunteers. Common themes include kindness, helpfulness, professionalism, clear guidance and well-organised services. Compliments were particularly evident in libraries, heritage and museums, reflecting the value residents place on accessible community activities and positive cultural experiences. Feedback also highlighted appreciation for responsive support in education, adoption, registration, environmental and health-related services. Work was completed throughout the year to encourage compliments, including training across services on recording compliments and QR codes being placed in libraries to encourage service users to provide feedback. Overall, the compliments demonstrate that residents value services that are personal, practical, welcoming and delivered with care.

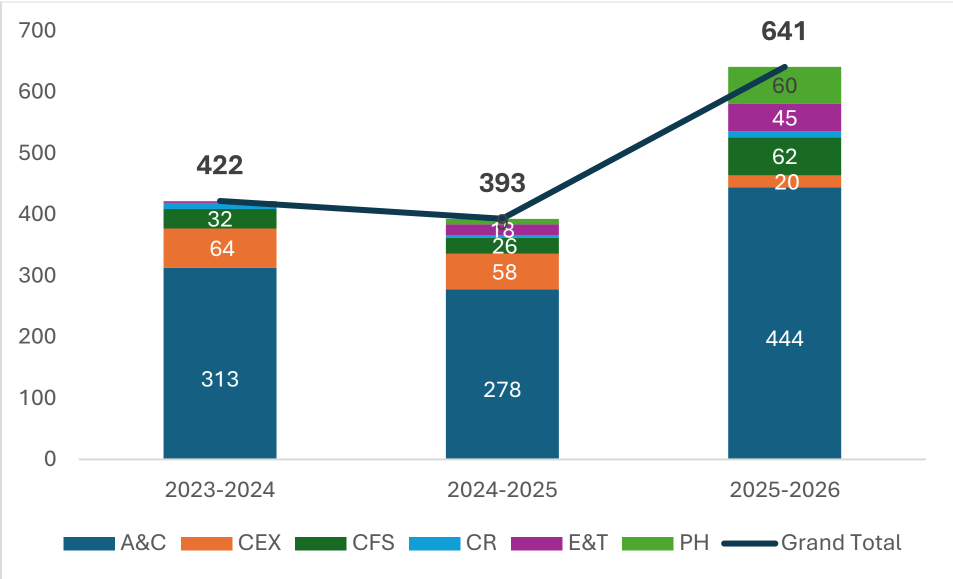


Figure 3 – Chart showing the number of compliments received by department for each reporting period.

All Stage 1 Complaints

Figure 4 shows how stage 1 complaint volumes reduced significantly between 2023/24 and 2024/25 before increasing during 2025/26.

Corporate Complaints continue to represent the largest complaint category, accounting for the majority of all Stage 1 complaints. While Corporate Complaints increased in 2025/26 compared with the previous year, volumes remained below 2023/24 levels.

Adults social care and adults statutory complaints combined have increased overall in 2025/26 by 22 complaints but still remains lower than 2023/24 numbers.

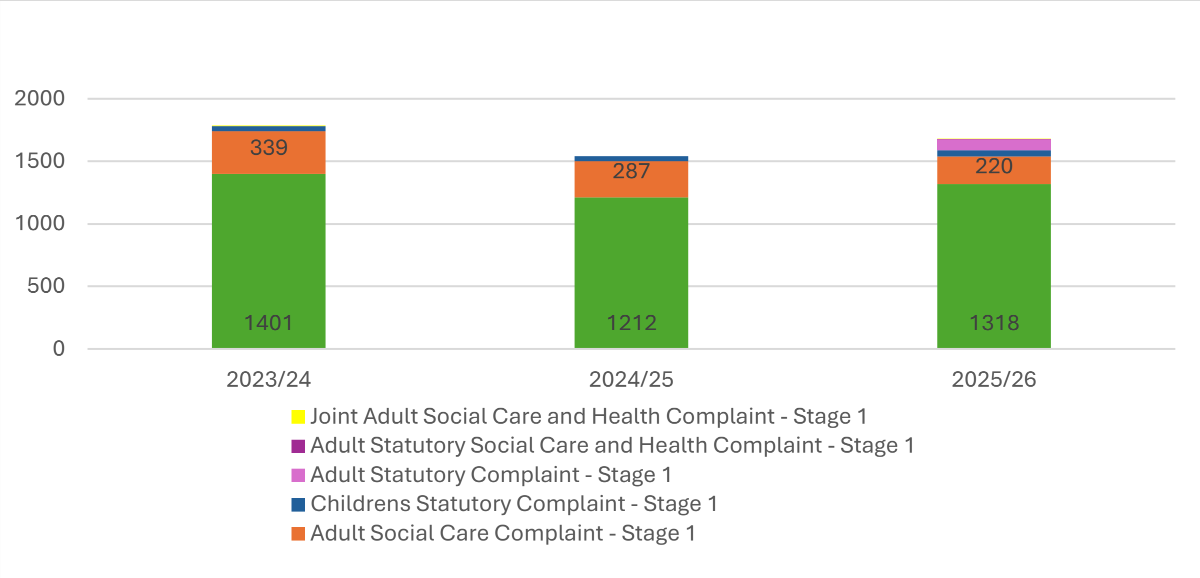


Figure 4 – Stage 1 complaints by stage for each reporting year.

Figure 5 shows that, when complaint volumes are adjusted for population size, the overall rate of Stage 1 complaints per 100,000 residents reduced between 2023/24 and 2024/25 before increasing again in 2025/26.

Although the latest year shows an increase of 15 complaints per 100,000 residents compared with 2024/25, the rate remains below the 2023/24 level. This suggests that, while complaint demand has increased in the most recent reporting period, the longer-term position is still lower than the peak seen two years ago. The annual population increase of around 12,000 residents also provides important context, as the Council is serving a growing population while complaint rates remain below the previous high point.

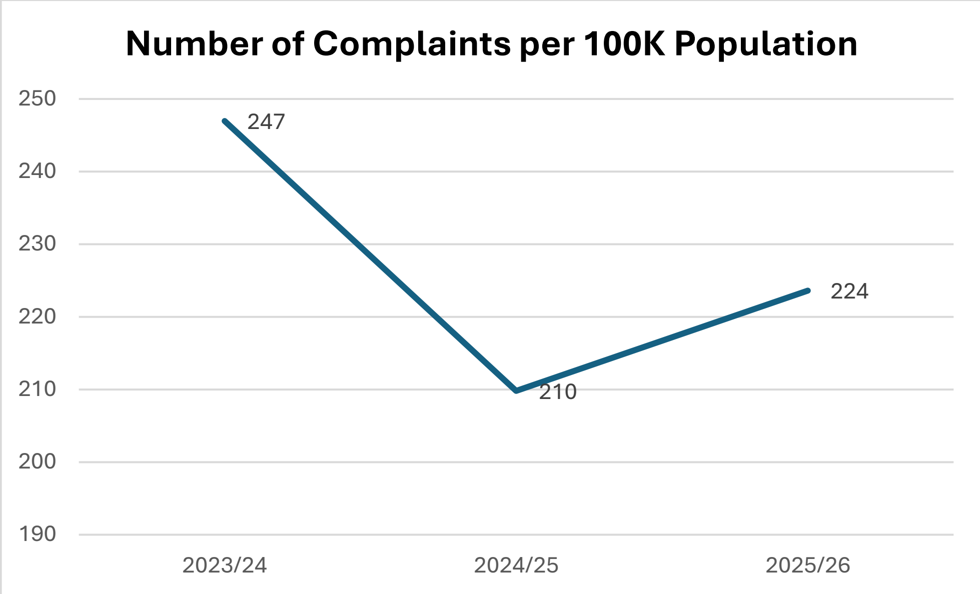


Figure 5 – Complaints per 100,000 within Leicestershire population

There was a total of 188 complainants who made more than 1 stage 1 complaint between 01/04/2025 and 31/03/2026. Generally, service users who have made more than 1 stage 1 complaint, have done so for different services and unrelated issues.

Corporate Complaints

Stage 1 Corporate Complaints

Figure 6 shows that the number of Stage 1 Corporate Complaints received has increased to 1,310 in 25/26 (1,210 in 24/25) and remains concentrated in two departments: Children and Family Services and Environment and Transport.

Children and Family Services recorded the highest volume in 2025/26 and has shown a gradual increase over the three-year period, while Environment and Transport remain the second largest source but is below the 2023/24 level.

Other departments continue to account for a much smaller proportion of complaints, indicating that overall performance is influenced by trends within these two high-volume service areas.

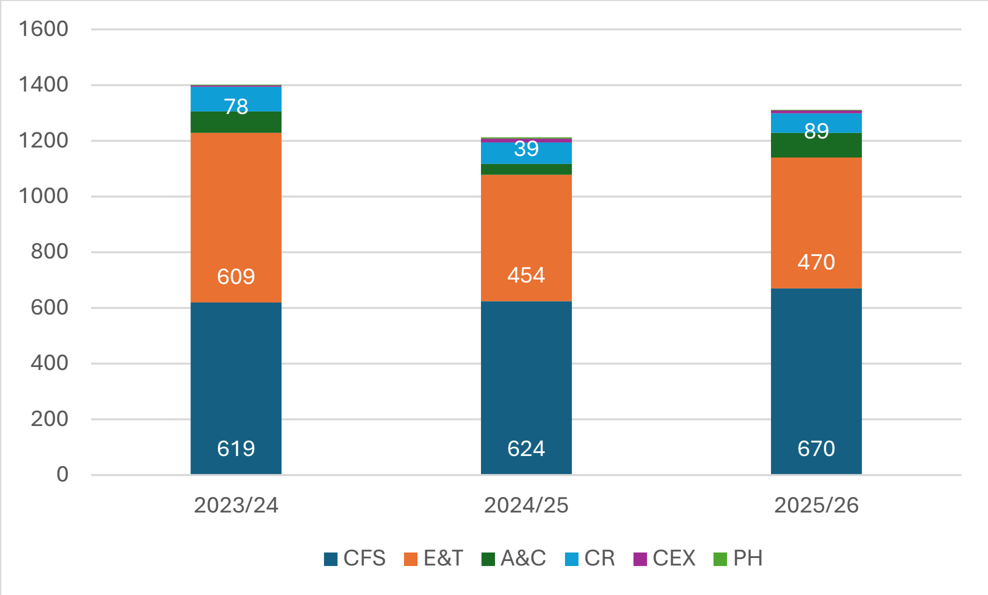


Figure 6 – Stage 1 corporate complaints by department

Stage 1 Corporate Complaints – Responsiveness

The Council's policy states we aim to reply to a corporate stage 1 complaint within 10 working days, but this can be extended up to a maximum of 40 working days.

Figure 7 shows that performance against the 10-working-day response aim has reduced over the three-year period, indicating that Stage 1 Corporate Complaints are taking longer to resolve. However, most complaints continue to be answered within the maximum 40-working-day period, with the proportion exceeding this limit remaining relatively stable at around 10%. This suggests that while early responsiveness has weakened, overall compliance with the maximum response timeframe has been broadly maintained despite increased complaint volumes.

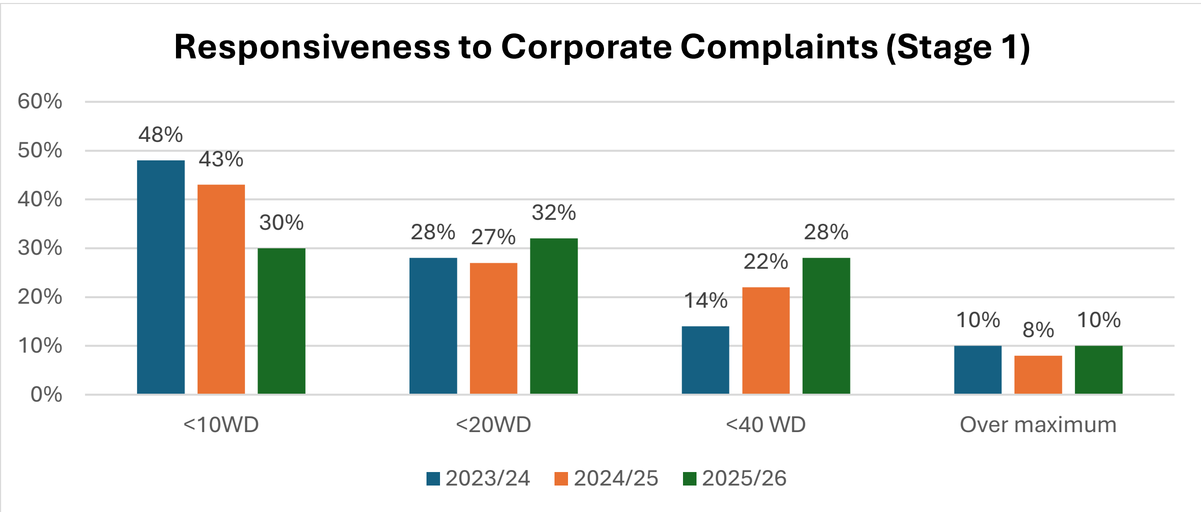


Figure 7 – responsiveness to stage 1 corporate complaints

Stage 1 Corporate Complaints – Decided

The chart below shows the top 5 complaint areas which have achieved an outcome, meaning where a decision has been made to either uphold or not uphold the complaint. The five most common complaint categories accounted for 551 of the 1,309 Stage 1 Corporate Complaints closed during 2025/26 (42.1%). Special Educational Needs Assessment (SENA) was the largest individual complaint category, with 299 complaints (22.8% of the total). Children's and SEND-related services dominated the highest-ranking complaint reasons, with SENA, Child Protection, School and SEN Transport, and SENA School Place collectively accounting for 385 complaints, representing 29.4% of all complaints closed during the year. Highway Repair and Maintenance was the fifth most common complaint category and the highest-ranking issue outside Children's Services. The concentration of complaints within a small number of service areas highlights where improvement activity is most likely to have the greatest impact on reducing future complaint volumes.

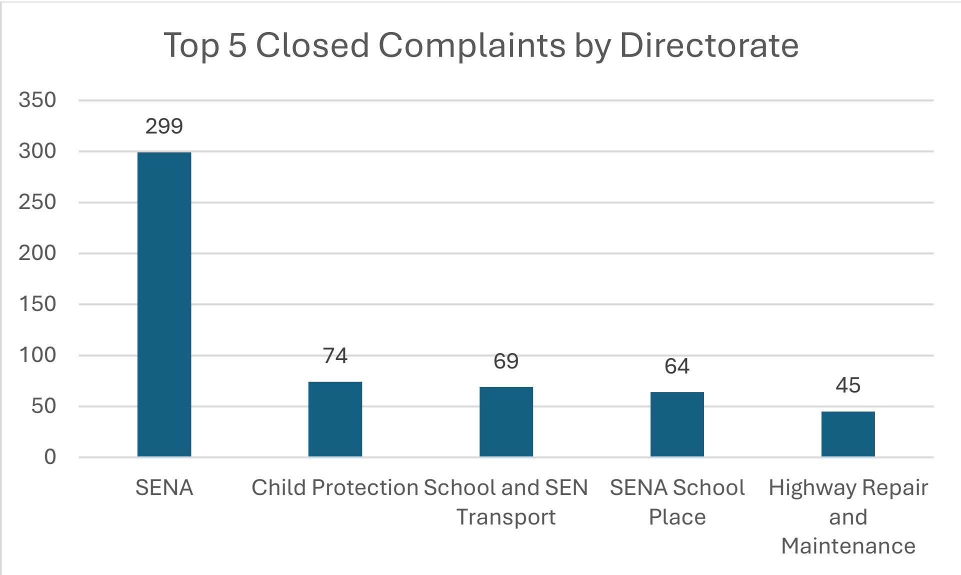


Figure 8 – top 5 complaints closed by directorate

The graph below shows during 2025/26, almost half (47%) of all Stage 1 Corporate Complaints were upheld, which is a reduction from 48% in 2024/2025 meaning the Council has seen an increase in the number of upheld cases with a small decline in the upheld rate.

A further 30% of complaints were investigated and concluded with no fault found, providing assurance that services had acted appropriately in a significant proportion of cases.

Neutral outcomes, including no finding and response given with no further action, accounted for 18% of closed complaints, while only a small number of cases were withdrawn (1%) or redirected to an alternative route of redress (4%).
Overall, the data demonstrates that the majority of complaints progressed through a full investigation process and resulted in a clear outcome for the complainant.

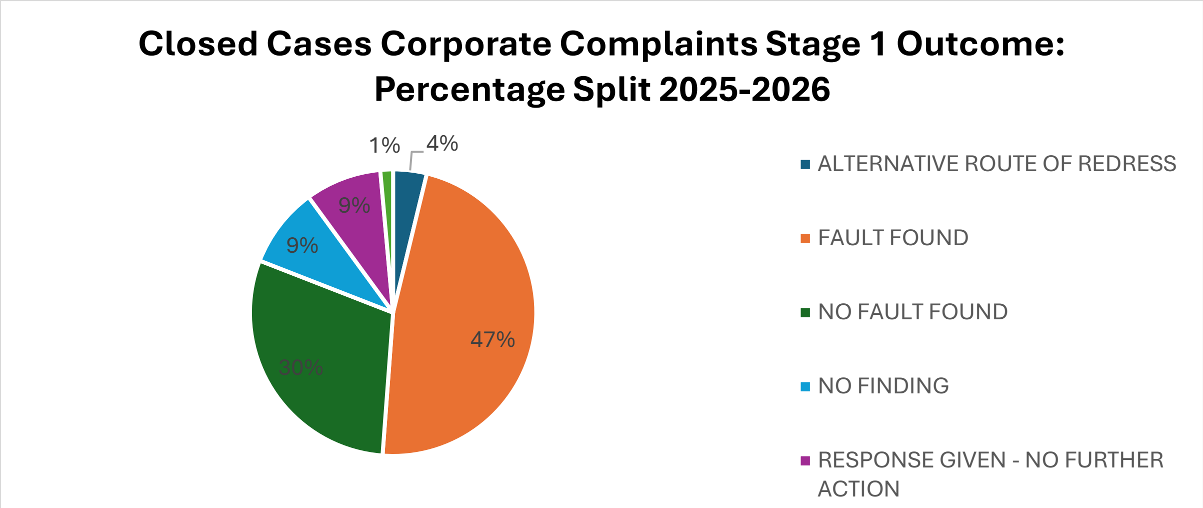


Figure 9 – stage 1 complaint outcomes

Stage 2 Corporate Complaint – Volumes

The graph below shows the number of Stage 2 corporate complaints increased significantly during 2025/26, rising to 218 cases compared with 74 in 2024/25. The increase was driven largely by CFS, which accounted for 159 Stage 2 complaints and approximately 73% of all escalated complaints.

While Stage 1 complaint volumes increased only modestly during the year, the proportion progressing to Stage 2 rose substantially from around 6% to 17%. This suggests that a greater number of complainants remained dissatisfied following their Stage 1 response and highlights the importance of strengthening early resolution and response quality, particularly within CFS. Other departments experienced comparatively low levels of escalation and had a limited impact on the overall trend.

The Complaints & Information Manager completed a review of all SEN complaints to understand why complaints were moving to Stage 2. During this exercise, a large portion of the complaints had been completed correctly but there were a small number of complaints where escalation to Stage 2 could have been mitigated.

Following this the team have created new complaint response templates for use across the organisation. These templates provide structure to complaint responses and ensure each point has been thoroughly investigated. These are then quality checked by the complaints team before being issued.

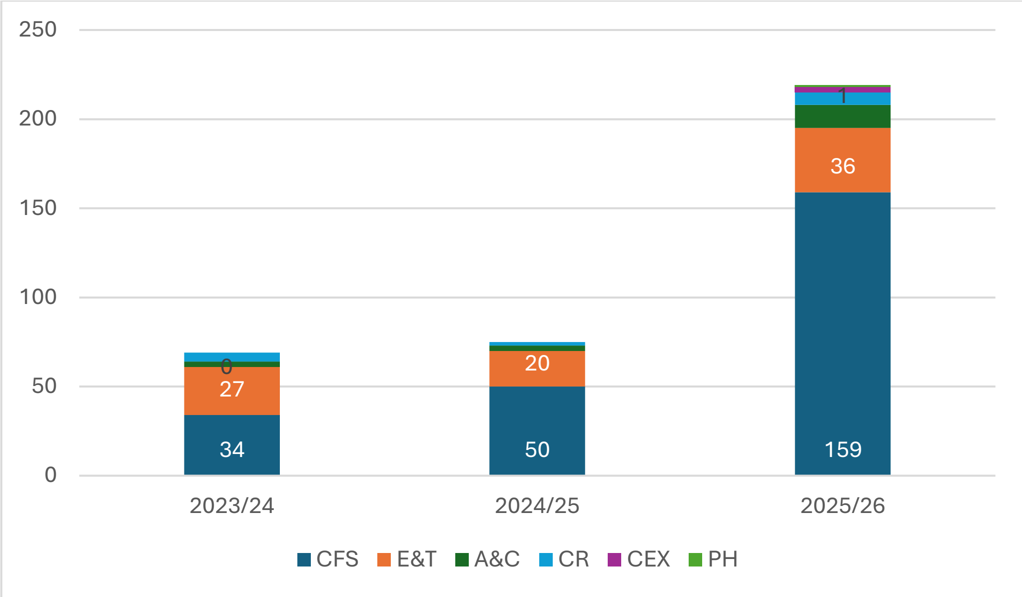


Figure 11 – stage 2 corporate complaints by department

Stage 2 Corporate Complaints – Responsiveness

The Council's policy states that stage 2 cases will be responded to within 20 working days.

Figure 12 shows a deterioration in Stage 2 responsiveness, with the proportion of complaints answered within 20 working days falling from 61% in 2023/24 to 31% in 2025/26. This means that, in the latest reporting period, over two-thirds of Stage 2 complaints exceeded the target timescale. The decline should be viewed alongside the significant rise in Stage 2 volumes, which placed additional pressure on the complaints process and likely contributed to longer response times.

Figure 12 – responsiveness to stage 2 complaints

Stage 2 Corporate Complaints – Decisions

During 2025/26, 42% of Stage 2 Corporate Complaints were upheld, while 36% resulted in no fault being found. Where the complaint was upheld, the Complaints Investigator disagreed with the initial findings of the stage 1 complaint, where no fault was found this indicates the Complaints Investigator agreed with the initial complaints assessment and response. Together, these outcomes accounted for 78% of all closed Stage 2 complaints, demonstrating that most investigations reached a clear conclusion.

A further 19% resulted in either no finding or a response being provided with no further action required. Very few complaints were withdrawn (1%) or redirected to an alternative route of redress (2%). The outcomes indicate that Stage 2 continues to provide both an important safeguard for complainants and an effective mechanism for reviewing service decisions, with a significant proportion of escalated complaints identifying areas for learning and improvement.

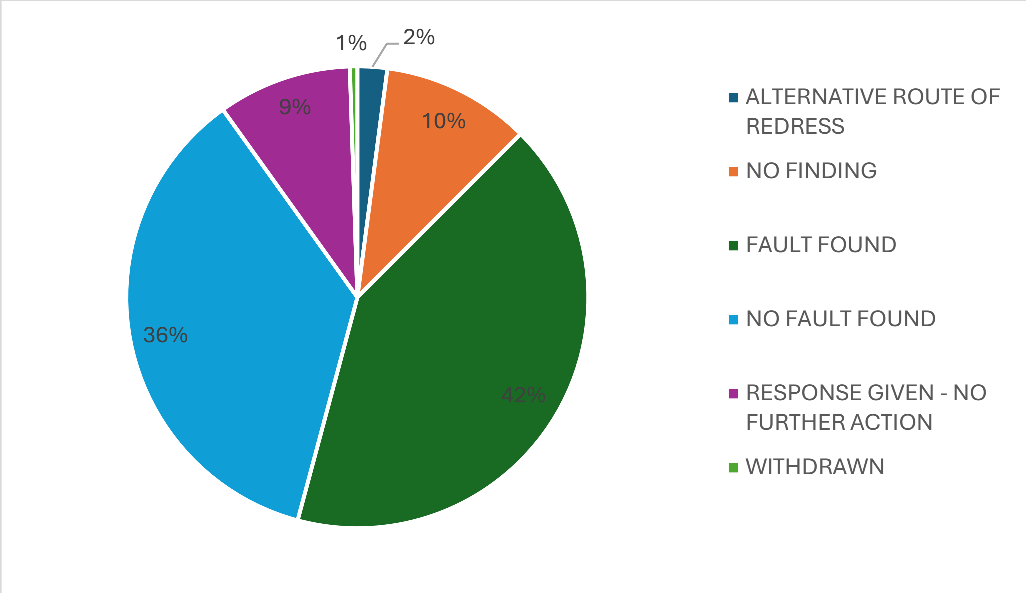


Figure 13 – stage 2 complaint outcomes

Learning from Complaints

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

Lessons can usually be learned from complaints that were upheld, however, in some instances where no fault was found the Council recognises that improvements to services could still be made.

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

Local Government and Social Care Ombudsman (LGSCO)

The number of enquiries and complaints received means the number of new cases received in the reporting period.

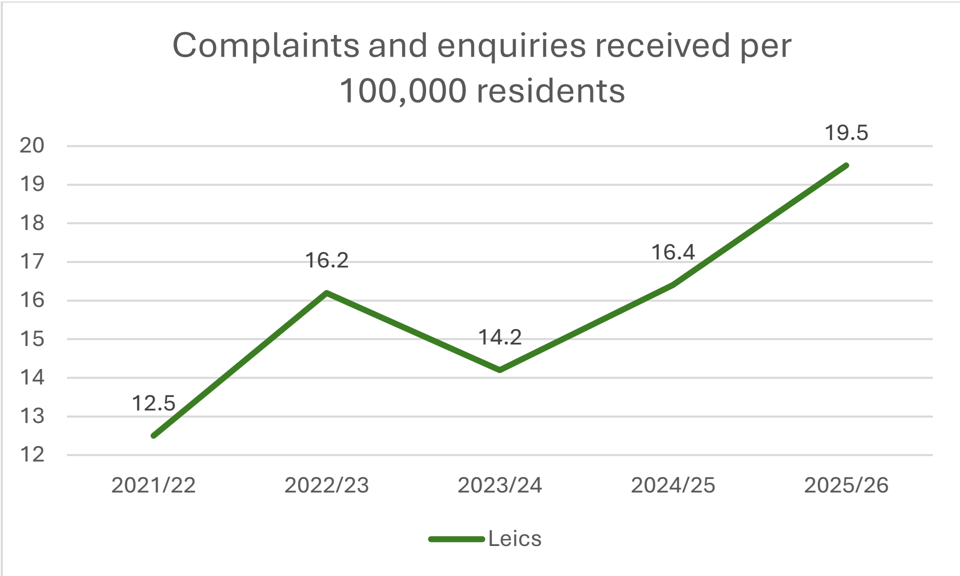


Figure 14 – LGO complaints per 100,000 residents

The number of complaints and enquiries received by the Ombudsman in respect of Leicestershire has generally increased since 2020/21, increasing from 122 (2024/25) to 146 in 2025/26. An increase per 100,000 residents is also seen.

Volume and Percentage Share by Area

Case Category	2023/24		2024/25		2025/26	
Education and Children's Services	67	64%	73	60%	83	57%
Adult Social Care	26	25%	30	25%	36	25%
Highways and Transport	8	8%	14	11%	16	11%
Corporate and Other Services	-	-	2	2%	10	7%
Environmental Services & Public Protection & Regulation	2	2%	1	1%	1	1%
Housing	1	1%	-	-		
Planning and Development	-	-	1	1%		
Other	-	-	1	1%		

Figure 15 – LGO case volumes by area

Figure 16 shows that Ombudsman complaints and enquiries continue to be concentrated in three categories. Education and Children's Services remain the largest category, increasing from 67 cases in 2023/24 to 83 in 2025/26. However, its share of total cases has reduced from 64% to 57%, suggesting that increases are also being seen across other service areas.

Adult Social Care has increased in volume, from 26 to 36 cases, but has remained stable as a proportion of total cases at 25%. Highways and Transport has also increased from 8 to 16 cases, maintaining an 11% share in the two most recent years. Corporate and Other Services has seen the most notable proportional increase, rising to 10 cases and 7% in 2025/26.

Overall, the top three categories account for between 92% and 97% of cases each year. The dominance of Education and Children's Services mirrors the profile of Leicestershire's local complaint numbers within other local authorities.

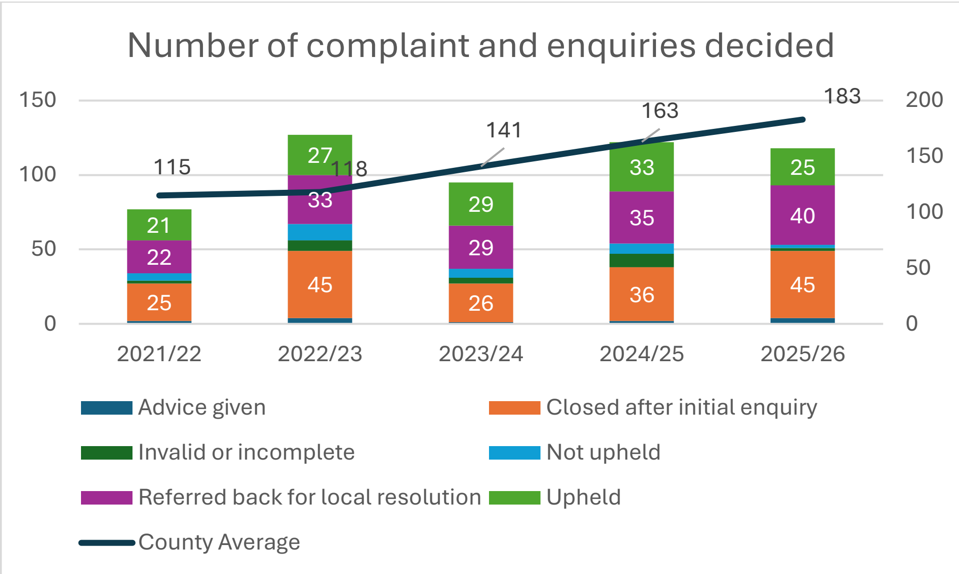


Figure 16 – complaint and enquiries decided by the LGO

For context. during 2025/26, 218 Stage 2 Corporate Complaints were received. Of these, 39 complaints were subsequently referred to the Local Government and Social Care Ombudsman, representing an escalation rate of 17.9%. A total of 25 Ombudsman decisions were issued in relation to Corporate Complaints. This equates to 11.5% of Stage 2 complaints and 1.9% of all Stage 1 Corporate Complaints received during the year, demonstrating that the vast majority of complaints were resolved through the Council's own complaints procedure without requiring an Ombudsman determination.

The number of complaints and enquiries decided by the Ombudsman in relation to Leicestershire has fluctuated over the five-year reporting period and, in each of the last three years, has remained below the rising average. This trend continued in the most recent reporting period, with the number of cases decided decreasing by 4, from 122 in 2024/26 to 118 in 2025/26.

The key decision category is 'Upheld', as these are cases where investigations took place and the Ombudsman found fault; the next section considers upheld cases in more detail.

Complaint decisions upheld by the Local Government & Social Care Ombudsman in Leicestershire

The Ombudsman uses two key metrics in relation to upheld cases:

- 'Uphold Rate' which shows how often an organisation gets things wrong and is expressed as a percentage of the investigations the Ombudsman completes.
- Upheld decisions per 100,000 residents (metric available since 2022/23).

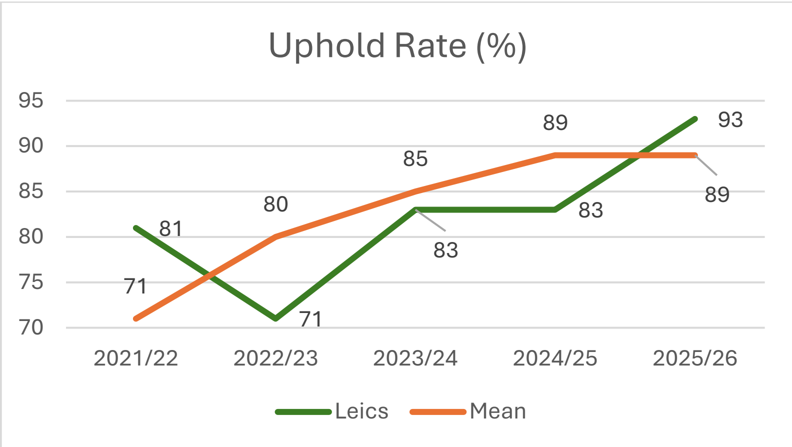


Figure 17 – LGO upheld rate

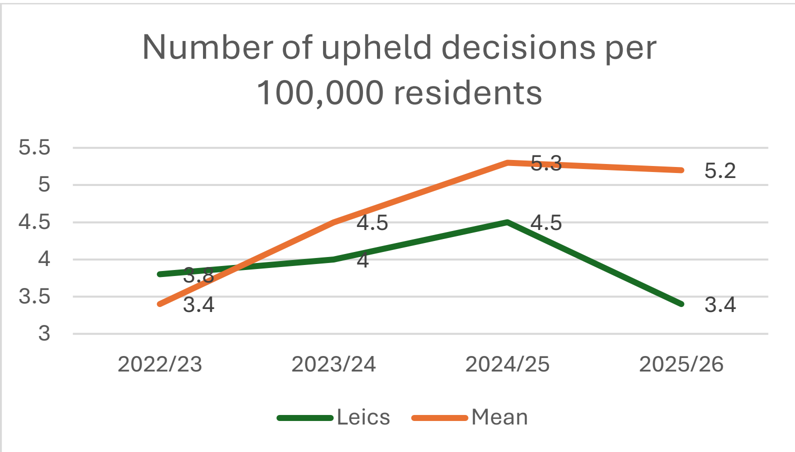


Figure 18 – upheld LGO decisions per 100,000 residents

Figure 18 shows that Leicestershire's Uphold Rate has increased from 83% in 2024/25 to 89% in 2025/26. However, this increase should be interpreted in the context of lower case volumes: the number of cases investigated fell from 40 to 27, and the number of upheld cases reduced from 33 to 25. This means the higher percentage does not reflect an increase in the actual number of upheld cases. Instead, it indicates that a greater proportion of the smaller number of investigated cases were upheld.

This highlights the importance of considering the Uphold Rate alongside the number of upheld decisions per 100,000 residents. Against this measure, Leicestershire's position has improved, reducing from 5.2 upheld cases per 100,000 residents in 2024/25 to 3.4 in 2025/26. Overall, while the percentage rate has increased, the underlying volume of upheld cases and the population-adjusted rate suggest an improvement in performance.

It should be noted that changes implemented by the Ombudsman to its investigation processes in 2022/23 have contributed to an increase in the average Uphold Rate across all complaints.

Upheld cases (25) in 2025/26 remain concentrated in Education and Children's Services, although the overall number reduced slightly from 19 to 17. Within this category, SEN-related complaints continue to dominate. Adult Care Services also saw a reduction in upheld cases, from 13 to 8, with no upheld charging cases recorded in 2025/26.

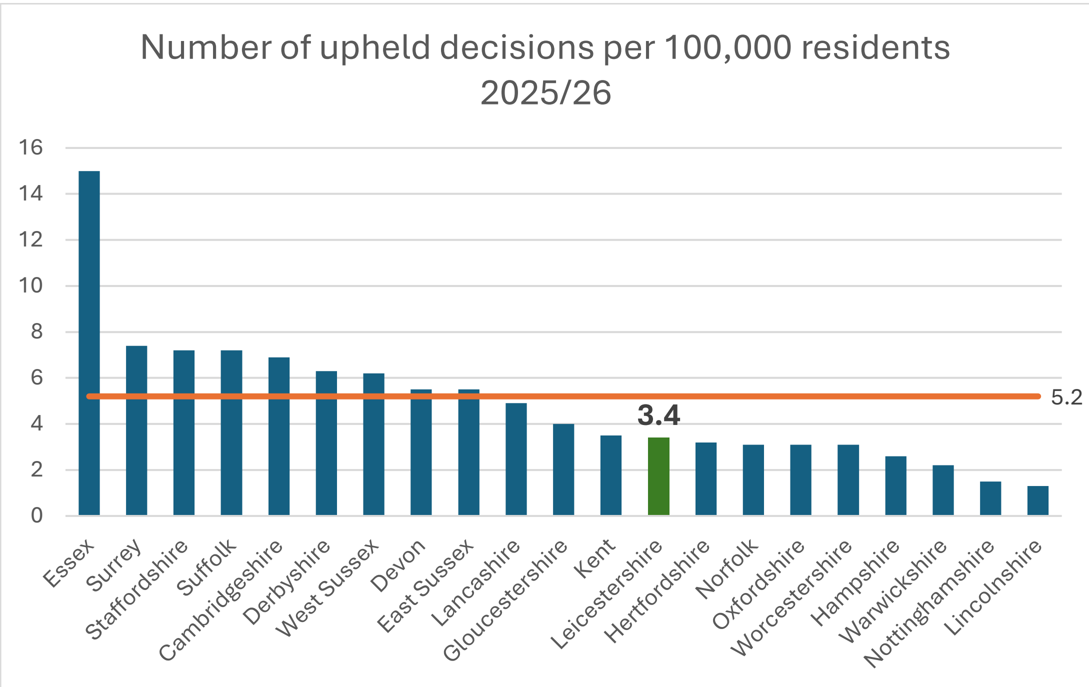


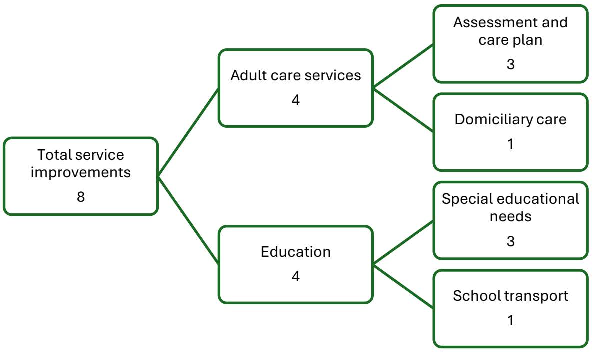
Figure 19 – Upheld decisions per 100,000 residents compared to county councils

Leicestershire's relative position improved in 2025/26, with 8 counties performing better, compared to 10 in 2024/25. It is worth noting that small numbers are involved in almost all county figures with each case investigated representing 4 or 5% for some counties. A single case can cause a noticeable swing in rate.

Service Improvements

Service improvements are actions the Council agrees to take to address faults identified in our investigations, which help prevent similar problems affecting other residents.

8 cases with service improvements were recorded in 2025/26.



Remedy Payments Recommended by the Local Government and Social Care Ombudsman

The Ombudsman may recommend a remedy in the form of a payment which may contain elements for failure to provide a service together with an element to recognise the complainants time and trouble to pursue the complaint. The table below shows the total payments made because of recommendations made by the Ombudsman.

Reporting Year	Remedy Payment Value
2022/23	£40,750
2023/24	£27,222
2024/25	£21,113
2025/26	£37,494

Appendix A – Sample of Compliments Received in 2025/26

- We had a guided tour with Francis which was great and really bought the history to life. The battle at the end was a good laugh. Thank you.
- A lovely morning at Wigston library with great crafting activities. Thank you for being so kind.
- I loved the Easter craft event at Wigston library. It was fun, exciting and I loved drawing and making things.
- The Bosworth Battlefield Heritage Centre is well worth a visit! The staff and volunteers were a credit to the site and the videos were a good way of showing the time-line of what occurred.
- The Roald Dahl craft event at Oadby Library was a very interesting theme for the kids, which they enjoyed and the staff were very helpful too.
- Thank you for being such an important part of our wedding day. Your calm presence, guidance and kindness helped us feel at ease and fully present in one of the most meaningful moments of our lives.
- Thank you Robbie Coleman for your help with the plans which were very good and for getting back to parents quickly.
- Thank you to the SENA team, my daughter started Leicester High School for Girls and has done very well. I wanted to share my gratitude in the support and faith Maya has received to help her fulfil her true potential despite her challenges.
- LOVE the bite size videos Charlotte and Thank you so much for your help and support, as always. Post-adoption is one of the very few teams at LCC that have always been so helpful. Thank you!
- We have lived here for 11 years and struggled with all the leaves on the pavement but someone recently came and cleared them onto the street and then cleared them up with a street sweeper. We are over the moon! Thank you.
- Visited Lount recycling centre with a car of mixed items, well organised and equipped site with all operatives fully engaged. As they say a good customer experience....really a job well done!
- I have just finished the 12 week weight management and it has been such a great experience, Tyrell explained things in real life making it more realistic for people to make permanent changes and loose weight. Thank you.

Appendix B – LGSCO Decisions for Leicestershire County Council 01 April 2025 – 31 March 2026

There are 25 results (please note that to maintain confidentiality, the ombudsman does not publish all decisions)

Case 1 Special educational needs 19-May-2025
We cannot investigate Mrs X's complaint the Council failed to seek advice and information from an Educational Psychologist (EP) as part of its Education, Health and Care (EHC) needs assessment of her child Y because it is connected to her appeal to the Tribunal. The Council was at fault for not issuing Y's plan within the statutory timescales. The Council has agreed to apologise and make a payment to Mrs X to acknowledge the uncertainty and delayed appeal rights this caused.

Case 2 Special educational needs 29-May-2025
We found the Council at fault for failing to properly consider its duty to provide alternative education for Mrs X's child, Y, or document its decision-making. However, we cannot say the Council's decision would have been different, but for these faults. The Council agreed to apologise and pay a symbolic financial remedy in recognition of the avoidable uncertainty this caused. It also agreed to provide guidance to its officers.

Case 3 Domiciliary care 24-Jun-2025
Mrs H complained a Care Provider wrongly told her that her mother, Mrs G, would not have to pay for care she received at home for six weeks. We did not uphold the complaint. While there was some evidence to support Mrs H's account and some poor complaint handling by the Provider, this did not cause Mrs G or Mrs H an injustice.

Case 4 Assessment and care plan 01-Jul-2025
Mrs X complained the NHS Trust and the Council discharged her father from hospital into an unsuitable care home. We found fault by the NHS Trust, but we could not say this would have led to a different outcome. The NHS Trust has already accepted the fault, but we recommended it apologises to Mrs X for the uncertainty caused. We did not find fault by the Council's actions, but we did find fault with how it dealt with Mrs X's complaint. We made recommendations to address this.

Case 5 Alternative provision 03-Jul-2025
Mrs X complained the Council failed to provide education for her child for over three years. Mrs X also complained the Council failed to review or update her child's Education, Health and Care Plan. We found fault with the Council failing to provide suitable education for Mrs X's child from 22 May 2023 to 28 August 2024. We also found fault with the Council delaying by 17 months outside the statutory timescales in reviewing Mrs X's child's Education, Health and Care Plan. The Council has also accepted it failed to provide provision to Mrs X's child from their Education, Health and Care Plan or provide suitable education from 3 September 2024 to 30 May 2025. We have detailed the actions the Council has agreed to take to address the injustice its fault caused in paragraph 86 of this decision statement.

Case 6 Special educational needs 22-Jul-2025
The Council was at fault in how it reviewed and amended Mrs X's child W's Education, Health and Care Plan. It was also at fault for delay securing the provision in that Plan and for poor complaints handling. This caused Mrs X frustration and meant she had to go to undue time and trouble pursuing her complaint. It also meant W missed out on provision they should have had. To remedy their injustice, the Council will apologise to Mrs X, pay her £1100 and confirm the name of the member of staff who will act as her single point of contact in future.

Case 7 Special educational needs 13-Aug-2025
We will not investigate this complaint about educational provision for a child. Some of the complaint is late, Miss X had an appeals right and it was reasonable to expect her to use them. Additionally, we could not add to the investigation the Council has already carried out, because it upheld her complaint and has provided a suitable remedy for her injustice.

Case 8 Special educational needs 20-Aug-2025
Mrs X complained that the Council delayed issuing an Education, Health and Care Plan after a needs assessment. There was 6 months delay by the Council, which was fault. A payment remedies the injustice to Mrs X. There was also delay in providing Speech and Language and Occupational Therapy provision, which could have been provided separately to the school setting which Mrs X disputed at tribunal. An apology and payment remedies the frustration and distress, and loss of provision to Y, the child.

Case 9 School transport 03-Sep-2025
Mrs X complained the Council failed to properly assess her child's transport needs, did not communicate effectively and caused delays in arranging suitable transport. We find the Council at fault for failing to reflect key information from the application in its risk assessment, and for failing to keep Mrs X updated. As a result, unsuitable transport was arranged, and Mrs X incurred avoidable costs to ensure her child could attend education. The Council has agreed to apologise and make a payment to Mrs X.

Case 10 Domiciliary care 15-Sep-2025
We will not investigate this complaint about adult social care provided at home, and specifically about the mismanagement of medication. It is unlikely we would add to the Council's investigation or reach a different outcome. There is not enough outstanding injustice to justify our involvement; the Council apologised to recognise the impact of failings in service. We are satisfied with the actions the Council took.

Case 11 Special educational needs 17-Sep-2025
Mrs Y complained about the way the Council dealt with her child, Z's special educational needs and educational provision following a move to the Council's area. We have found fault causing injustice by the Council in failing to: place Z temporarily at another school; secure their special educational needs provision; and make suitable alternative provision following the transfer of their Education, Health and Care Plan. The Council has agreed to remedy this by apologising to Mrs Y and Z; making payments to reflect the distress caused and the impact of the missed education on Z; and service improvements.

Case 12 Special educational needs 17-Sep-2025
Mrs Y complained about the way the Council dealt with her child, X's special educational needs and educational provision following a move to its area. We have found fault causing injustice by the Council in failing to: place X temporarily at another school; secure their special educational needs provision; and make suitable alternative provision following the transfer of their Education, Health and Care Plan. The Council has agreed to remedy this by apologising to Mrs Y and X; and making payments to reflect the distress caused and the impact of the missed education on X.

Case 13 Special educational needs 23-Sep-2025
We will not investigate this complaint about the Education, Health and Care plan process. This is because the Council apologised and offered a suitable remedy and it is unlikely further investigation would achieve anything more for Mr X.

Case 14 Domiciliary care 13-Oct-2025
Mrs X complains on behalf of Mr and Mrs Y that the Council has not dealt with adult social care properly, causing avoidable distress and Mr and Mrs Y's needs not being met. The Council is at fault because Mrs X was not informed about bathing issues, Mr and Mrs Y missed some care, and the Care Provider did not respond to the complaint properly. Mrs X suffered avoidable distress and had to provide some care to Mr and Mrs Y. Mr and Mrs Y suffered a lack of care. The Council should apologise to Mrs X and Mr and Mrs Y.

Case 15 Domiciliary care 21-Oct-2025
Mrs X complained the Council failed to ensure her mother, Mrs Y, had suitable care at home. The Council was at fault. It was also at fault in how it decided that it would not take action to safeguard Mrs Y's welfare. The faults caused Mrs X significant distress and uncertainty, for which the Council will apologise and pay her £300. It will also issue a staff reminder to prevent similar fault in future.

Case 16 Special educational needs 17-Nov-2025
We found fault by the Council on Mrs Y's complaint about its failure to process her request for an Education, Health and Care plan within statutory timescales. It missed the statutory time limit by 39 weeks. It failed to consider whether it was appropriate to fund her daughter's special needs it was aware of when she started home education. It also failed to consider its section 19 duties sooner, advise her and consider education other than at school sooner, or give her information about the consequences of home educating her. The Council agreed to send a written apology, pay £397.06 for the injustice caused by its failures, provide an Action Plan showing how future assessments will be completed within statutory timescales, and will ensure relevant officers consider section 19 duties and education other than at school during assessments where children are out of school. It will ensure it gives parents relevant information and improve communication with them.

Case 17 Alternative provision 27-Nov-2025
Mrs X complained the Council did not provide full time education suitable for her daughter's needs when she could not attend school. We found the Council at fault for not putting in place provision it agreed her daughter needed, impacting on her

educational progress. The Council has agreed to apologise and make a symbolic payment to recognise the injustice caused.

Case 18 Special educational needs 08-Dec-2025

We cannot investigate if the Council was at fault for failing to ensure Miss X's child Y received the special educational provision outlined in their Education, Health and Care Plan, as it was too closely connected to her reason for appealing to the Tribunal. There was fault in the Council's communication and complaint handling for which it has offered a suitable financial remedy during our investigation for the frustration caused. The Council was also at fault for failing to send its decision within four weeks of Y's annual review meeting however this fault did not cause a significant injustice.

Case 19 Special educational needs 23-Dec-2025

We cannot investigate this complaint about the school named in an Education Health and Care Plan, or a failure to provide education. Mr X has appealed to the SEND Tribunal about the matter and therefore the law says we cannot investigate. Nor will we investigate Mr X's further complaint about delays in the annual review process. When considering this complaint, the Council agreed to provide a suitable remedy for Mr X's injustice and there are no wider public interest issues to justify investigating this complaint.

Case 20 School transport 14-Jan-2026

Summary: The Council was at fault for failing to ensure Y's final amended Education, Health and Care (EHC) Plan was issued within statutory timescales following the annual review. The Council was also at fault for failing to consider the relevant circumstances of Y's school transport application when deciding to award them a personal travel budget instead of council organised transport. The Council has agreed to apologise and make a payment to remedy the distress, frustration and uncertainty caused.

Case 21 Other 24-Feb-2026

We do not consider Leicestershire County Council acted with fault when it decided certain care homes could meet Mrs D's assessed needs on discharge from hospital. The Council did not act with fault when it decided she should pay a top-up, despite jointly funding that placement with the NHS Leicester, Leicestershire and Rutland Integrated Care Board under Section 117 of the Mental Health Act. However, the Council's communication around the Section 117 top-up arrangement and invoices amounted to fault which caused Mrs D's daughter, Miss D, inconvenience and stress. But we consider the Council has already remedied that injustice to her.

Case 22 Assessment and care plan 04-Mar-2026

There was a delay by the Council in reviewing H's assessment after Mrs X complained, which caused her frustration and anxiety. In addition, the Council has not considered properly H's additional expenses incurred because of his disabilities, with the result that he is unable to finance some items. The Council agrees to review his personal expenses allowance.

Case 23 School transport 09-Mar-2026

The Council was at fault in how it dealt with Mrs X's application for free school transport. This caused Mrs X avoidable frustration but did not mean she missed out on Council funded school transport. The Council will apologise to Mrs X.

Case 24 Assessment and care plan 25-Mar-2026

Mrs X complained about the actions of Leicestershire County Council (the Council), Leicestershire Partnership NHS Trust (the Trust) and HC-One Ltd (the Provider). She complained about faults in the way her late brother Mr Z was discharged from hospital, in his residential care and in the handling of concerns, safeguarding and complaints. We upheld elements of all three complaints. We recommended the organisations apologise and provide remedies to Mrs X. We also recommended service improvements. The organisations accepted our recommendations, so we have completed our investigation.

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SCRUTINY COMMISSION – 2nd SEPTEMBER 2026

EAST MIDLANDS SHARED SERVICES ANNUAL PERFORMANCE UPDATE

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of the Report

1. The purpose of this report is to provide the Commission with a summary of the performance reported to the Joint Committee of East Midlands Shared Services for 2025/26 and an update on progress against strategic priorities set in 2026.

Policy Framework and Previous Decisions

2. In 2010, Nottingham City Council (NCC) and Leicestershire County Council (LCC) formed a partnership to share their HR, Payroll and Finance IT system and jointly deliver HR administration, payroll and finance transactional services.

3. In September 2010, the County Council's Cabinet agreed to establish a Joint Committee to oversee the operation of the Shared Service comprising elected members from both Councils. At officer level, each Council has a Sponsor, which at Leicestershire County Council is the Assistant Director of Finance, Strategic Property and Commissioning. These arrangements remain in place.

Background

4 East Midlands Shared Services (EMSS) was created on 1 September 2012. The Employee Service Centre is based at County Hall in Leicestershire and the Finance Service Centre at Loxley House in Nottingham.

5. The Service operates on a shared IT platform. In 2018, the partner Councils procured a replacement system, Oracle Fusion, and commenced an implementation programme, 'Fit for the Future', across HR, Payroll, Finance and Procurement. The programme completed in March 2022 with the implementation of the new system across the two Councils and EMSS.

6. The Strategic Plan for EMSS is underpinned by three key themes: stabilisation, optimisation and development with the following priorities having been identified for EMSS:

   - Deliver a great experience for all users, with systems and processes that are intuitive, easy to use, and digitally enabled. **(Customer)**

- Deliver quality, affordable services **(Operations)**

- A supportive and flexible work environment, encouraging creative problem solving, continuous professional development and career opportunities **(People)**

- Deliver value for money through improved systems, services and processes which support enhanced productivity and reduce overall costs. **(Finance)**

- Leveraging technology to deliver existing services securely and reliably and supporting improvement and growth within service areas. **(Technology)**

- Expand our customer and/or service portfolio. **(Growth)**

<u>Performance Summary</u>

Finance

7 The overall outturn position for EMSS on 31st March 2026 (year end) was £5.66 million, which represents an underspend of £281k (or 4.7%) against the approved budget in the year for partnership services provided to both NCC and LCC.

8 It should be noted that included in the outturn is the 2025/26 agreed pay award, based on 3.2% for all employees. This totalled £142k and represented a £10k underspend against the approved budget provision.

9 The outturn for each service is explained as follows:

- Finance Service Centre (FSC) - £22k net underspend. Underspend on staffing due to delays in recruitment to vacant posts and maternity leave (£64k) offset by minor increases in running costs.

- Employee Service Centre (ESC) – £143k net underspend. Underspend arising from staff turnover (£98k), increase in fees and charges income (£12k) plus savings on Assure license costs and DBS costs (£63k). These are offset by additional payroll write-offs (£22k) together with minor increases in running costs

- Management & Business Development – £50k on staffing costs as a result of delays in recruitment to vacant posts.

- ICT On-going - £65k. Underspend on staffing and savings on Oracle license costs

FSC Operational Performance

10. Over 4,000 new suppliers were verified and set up over the year. The automated verification process links directly with the banking systems allowing for such high volume to be processed with minimal manual intervention.

11. 80% of these were completed within the agreed SLA of 5 days. Missing or incorrect information on the original request is the primary cause of any delays above the SLA target.

12. These volumes and values do not include feeder payments which are residual payments made to organisations and individuals that do not require an invoice to process, such as foster carers, grants and various supplemented payments.

13. The average days to pay Trade Suppliers (excluding feeders) stands at 20.7 days for LCC. Removing varied payment terms outside 30 days, which include factors such as the Early Payment Scheme, of the trade suppliers on 30 day payment terms, 96% were paid within the statutory 30 days.

14. The % of past due Sundry debt also continues to reduce, with a 9% reduction on open to collect past due debt over the last 12 months, and a 1.5% reduction in open to collect aged debt over 90 days. As of 31st March, the total LCC sundry debt outstanding balance was £20.3m.

15. The FSC continues to support partner projects. The No Purchase Order No Pay (NPNP) policy has been live for some time now for both LCC & NCC, pushing the responsibility back to the supplier to submit a valid invoice. Compliance with No PO no Pay is currently at 90%.

16. Monthly KPI reports and meetings are held each month with key stakeholders to discuss performance and escalations.

ESC Operational Performance

17. As well as HR/Payroll/Recruitment, the ESC are also responsible for ensuring all legislative changes connected to employment law are implemented, of which there are multiple items each year. During 2025/26 the ESC completed the required changes in maternity leave entitlement, the Pension auto re-enrolment, implemented the pay award, worked to test and implement salary sacrifice schemes.

18. Out of almost 168,000 employee payments across the partnership and 385,000 LCC pension payments the payroll error rate remains <1% - Overpayments typically arise where self-service processes are not followed correctly, or where employment change submissions are not received within the required timescales. The controls and efficiencies built into the EMSS payroll process are often what identify these overpayments, and therefore the detection of overpayments should be viewed as a positive control rather than an indication of process failure within EMSS. As the work associated with identifying, reconciling and recovering salary overpayments falls outside the specific SLA tasks,

historically, this activity has competed with core SLA commitments and other priority projects. As a result, when operational pressures increase, overpayment reconciliation and recovery activity has not always been progressed as effectively or consistently as desired.

19. To address this risk, the ESC has in Q1 of 2026/27 ensured that all salary overpayments are reconciled, repayment plans are in place and the relevant HMRC related elements repaid. The new service manager has developed a documented end-to-end process, supported by training materials to improve awareness, strengthen adherence to employment change procedures, and reduce the likelihood of overpayments occurring. This proactive approach is intended to mitigate future overpayments where possible and improve the effectiveness of recovery activity when overpayments do arise.

20. Overpayments for LCC employees in the year 2025/26 were 74, with a total value of 124k. Compared to the previous year when there were 31, with a total value of 105k. This is still very low, representing 0.28% of payroll payments processed. The increase is attributed to an increased number of manager delays in submitting contractual changes, leavers and new starters within that period. To address this, the ESC contact and inform managers where late or incorrect submissions have created an overpayment for both current employees and leavers, and direct them to the recovery and or dispute process. The overpayment information is also shared with each HR department on a monthly basis to raise awareness and agree any escalations required.

21. Where the employee is still employed, the overpayment is deducted from a salary, either in one or several instalments depending on circumstances. Where the employee has left, a repayment plan is put in place.

22. In 2025/26 the recruitment team managed 2,640 job adverts and produced almost 6,000 new contracts/contract amendments & employment related letters.

23. Over16,000 DBS checks were completed. Following a review of 22 other authorities providing the same service, EMSS remain the most competitive DBS providers in the market. There are ongoing discussions to extend the DBS service and increase that area of income for the council.

24. Regular KPI meetings with key stakeholders are in place to review performance and escalations in detail.

Overall Summary

25. EMSS delivered a strong year of operational performance, combining service improvements with a cost reduction. In recognition of the overall underspend position each partner has received a reimbursement of £141k.

26. It has been a year of significant change for EMSS. With ongoing internal promotions into management positions creating another wave of backfill vacancies, despite this, the service has delivered a stable performance.

27. The overall EMSS funding requirement for 2026/27 now stands at £5.82 million, which represents a decrease of £160k (or 2.1%) compared to 2025/26

28. The EMSS 5-year strategic plan has been agreed and can be seen in the Appendix to this report. Within the plan is the Strategic Aim, projects, activities to support objectives, measures of success, timelines along with expected challenges and the required engagement from each partner. The plan demonstrates the services focus on continuous improvement and customer satisfaction with a technology driven service to ensure an efficient delivery. Also included within the plan is the expected support for both Leicestershire County Council, and Nottingham City Council as they embark on upcoming LGR projects.

29. The service received an improved audit outcome with overall Significant Assurance rating. The definition for significant assurance is “A sound system of governance, risk management, and internal control is in place and operating effectively”

30. The service ensures that the importance of employee mandatory processes is regularly communicated and mandated. The completion of annual performance reviews is strong with the completion rate for this year currently at 97%. Similarly, mandatory training such as health and safety and data protection, is 94% complete.

31. Focus on leadership, continuous improvement, with ongoing projects to develop a more inclusive leadership training program. Ensuring that the teams have strong leaders who understand the strategic aim, actively contribute towards the continuous improvement focus with an understanding of the non negotiables that form part of the EMSS service.
Team days and all staff briefings also ensure that the service is engaged with all elements of the service performance, wider council projects and direction of travel.

32. Overall sickness absence rate has increased to 4.47 days, this is namely due to 3 long term absences in the FSC, these are being managed in line with council policy.

33. 2025/26 completed projects:

Project	**Description**	**Status**
Business Continuity Plan	To revise and update the BCP to ensure that it is fit for purpose and fully tested. The new plan is operational and has been tested. An audit of new EMSS BCP arrangements achieved a significant assurance rating.	Complete
FSC – LCC ASC Debt	To move the service to the FSC improving processes and long term recovery rates	Complete
Paperless Direct Debits	Project to move customers to paperless direct debits to reduce printing, postage and resource	Complete

ESC – HCM and Payroll Transformation. Phase 4	Review, define, and re-establish the operating model for the Employee Service Centre (ESC).	Complete
Implement new Oracle Support Service	Put in place the changes agreed during the service review including a new Oracle Support Manager role and increasing capacity on system development	Complete
Debt Collection Agency	Procurement of supplier of debt collection services.	Complete
In-housing Construction Industry Standards (CIS) report and verification	Monthly usage return and Supplier verification process moving to in-house solution, removing the reliance on a third party provider.	Complete
Procurement for new BACS system	Ensuring the partners have a robust payment platform	Complete

Growth and Added Value

34. Development Leads in the ESC Built a new Oracle Fusion based 60% report, removing the need to use an external service. The 60% report is an industry standard report used to analyse the accuracy of payroll payments. This in house development created a saving of £44K, this is reflected in the latest budget.

35. Implemented Seeded Teachers Pension and enrolled on to Monthly Contributions Reconciliation (MCR) instead of multiple data collection reports for Teachers Pensions. MCR is the mandatory monthly data reporting process that schools, local authorities, and other education employers use to submit staff service, salary, and pension contribution data to the scheme. MCR is designed to streamline administration by combining three older, separate reporting methods into a single monthly file. MCR ensures that the data submitted is validated, if a validation error occurs this needs to be resolved before the form can be submitted.

36. The ESC also implemented a new Leavers form to collect all relevant payroll information to reduce number of corrections required.

37. The FSC has successfully supported and enabled the enforcement of No PO no Pay, using technology to validate invoice data electronically and manage any exceptions.

38. Following the successful transition of all LCC Adult Social Care debt recovery and debt resolution functions, from a partially outsourced model to a fully integrated in-house structure within the FSC. That service is now in place managing a ledger that invoices on average £52m each year for residential and non-residential care services. The service has a specific focus on working collaboratively with the care pathway and ASC finance teams to identify payment

blockers and agree a structured approach for solutions within some extremely complex scenarios.

39. More detailed labelling and debt categorisation has provided more accurate and detailed visibility of the debt status across multiple complex stages of the care cycle.

- Successful move to paperless Direct Debits allows the agent to complete this on the customers behalf if needed.

- Utilisation of Fusion analytics allows the team to provide historical statements to customers without having to manually collate the detail of where historical payments have been allocated.

- Use of an external ASC specialist legal firm for more complex cases to ensure recovery options are maximised is also now in place.

- Increase in asset led recovery action including the proposal of a voluntary property charge for non residential care users to utilise where debt levels are high or increasing.

40. During 2025/26 EMSS has led and managed a significant number of priorities and projects. They have been varied in their focus, size and complexity; but overall have enabled savings and delivered efficiencies in the operational performance of the services. The projects can be seen in the table provided at the end of this report in section 11.

41. The FSC received the CIPFA Highly Commended Certification for services to debt recovery, and were also shortlisted for the Midlands shared Services Team of the year award.

42. Process modernisation continues through initiatives such as paperless Direct Debit set-up and digital document delivery. Whilst progress on digital document delivery was temporarily constrained by information governance requirements regarding cloud security, the necessary mitigations are now being implemented and customer migration is accelerating. During 2025/26, 284 customers were transitioned to electronic document delivery. In the first five months of 2026/27 alone, a further 638 customers have moved from print and post to digital delivery, demonstrating strong momentum and increasing customer adoption.

43. The service processed over 151,000 service desk ticket enquiries throughout the financial year. Breakdown by team:

    10,316 system support queries – 97% within SLA

    78,532 finance service desk queries – 97% within SLA

    62,666 Payroll and HR queries –98% within SLA

44. Work is underway to gather the required data and agree calculation methods to develop a comprehensive benchmarking framework for key operational metrics, including the cost to process and pay a supplier invoice, the cost to produce a payslip, and debt collection performance. This will enable meaningful comparison with peer local authorities, providing independent assurance that EMSS delivers quality, cost-effective services while highlighting opportunities for continuous improvement and efficiency gains.

Customers

45. Overall, customer satisfaction shows a positive trend, with performance gradually improving over time. The satisfaction rates including comparison to previous year for the teams are shown in the table below.

Team	**Q4 Result**
EMSS	**89% (previously 85%)**
BD	90% (previously 81%)
ESC	90% (previously 86%)
FSC	88% (remains the same)

46. It has been frequently noted and discussed that obtaining customer satisfaction reviews for a service that is considered to be part of a daily process by service users, is difficult, therefore whilst a review is requested and encouraged for each and every ticket resolved, response rates remain low. The overall customer satisfaction response rate for 2025/26 was 1.75% (2024/25, 1.06%), which includes both positive and negative feedback. All negative feedback is investigated and responded to.

47. To provide the partners with a more comprehensive view of Customer Satisfaction, EMSS undertook a large-scale customer survey in Q1 aimed at understanding service effectiveness, self-service support, and areas for improvement. The survey gathered feedback from 178 respondents across both partner organisations. Results from the survey demonstrated that Customer Service & Standards scored highest. Qualitative feedback praised staff helpfulness but highlighted some issues with system usability, communication clarity, process efficiency/delays and lack of human contact.

48. In response to the 2025 Customer Survey, among other improvements, service areas have implemented the following changes:

- Updated ‘source’ classification in the system, including Oracle, E-Forms and Kefron, providing agents with additional context to the origin of workflow submissions.

- Amended categorisation for Finance Services, ensuring they are more customer-focused and jargon-free.

- Yammer/Viva Engage posts to remind colleagues to check their payslips and remind managers of Payroll Deadlines.

- Improved automations, ensuring tickets get to the right queue and agents more quickly

Technology

49. EMSS is a service heavily reliant on technology and therefore it forms a significant part of its work.

50. In Q4 last year The FSC processed around 38,000 LCC trade supplier payments totalling £256 million. What allows these volumes to be processed with such a small team of 4 people is the technology embraced that removes the manual effort, as such, a large element of possible human error. The FTE required to manage that volume are mainly required to deal with exceptions and the processing of credit notes which are not yet automated as well as processing loaders and feeder files that are residual payment runs for businesses and individuals who receive regular payments from the council without the need to submit an invoice. Utilising such technology allows the EMSS to deliver a service that is not only value for money but also ensures that the responsibility is with the supplier to provide an accurate and valid invoice, and allows the statutory requirements to pay trade suppliers within 30 days to be met.

51. Fresh service, the ticketing system used to process all inbound queries and requests is developed to allow for the categorisation and targeted response to specific query types, ensuring that the service can successfully organise and respond to an excess of 150,000 tickets generated via fresh service every year.

52. The Oracle Support Service manager role is now in place, the new, part-time role will give the business and partners increased capacity to manage issues and changes on the Oracle platform with particular focus on managing the day-to-day relationship with the managed service provider, ensuring that contractual requirements and SLA is met.

53. Following the recent extension to the current contract, procurement activity is now underway in 26/27 to begin a new tender invitation for a new Oracle Managed Support Service contract, this is due to commence in April 2027. Although options are currently in discussion following the recent LGR announcements to ensure the tender invitation can include any additional work this will bring.

54. The Redwood implementation continues. This is the new look and feel of the Oracle system, a global update rolled out by Oracle directly that is a non-negotiable change. The first phase of this update is almost complete within the HR and procurement areas. These include updates to procurement requisitions, absence, terminations and payslip screens. There is currently no confirmed date for Redwood updates within finance modules from Oracle.

Audit outcome

55. On the basis of audit work undertaken during the 2025/26 financial year, the Head of Internal Audit at Nottingham City Council concludes that a "significant" level of assurance can be provided that the organisation's framework of governance, risk management, and internal control is generally operating effectively. Audit reviews identified that key financial systems and operational processes are in place and functioning adequately, with areas of notable practice across several core systems. The audit outcomes suggest that the organisation is moving in a positive direction, with improving control maturity in key financial systems and an ongoing commitment to strengthening governance and resilience arrangements.

EMSS Work Programme / Business Plan Priorities 2025/26

56. The projects listed in the table below are those currently underway and will ensure that EMSS is on track to deliver the Strategic Plan, meeting its' ongoing commitments to efficiency, effectiveness and process excellence. Some of these projects may have progressed towards completed status since the annual report was written.

Benefits Key

Stat / Policy Requirement		Cost Savings		Process Improvement	
Customer Experience		Staff Welfare		Automation	

Project / Priority	Target End Date	Benefits	Description	Status	Sept 26 Update
Technology – Oracle Redwood Implementation	Ongoing		Oracle have developed a new interface /front end for their system which is being rolled out module by module		Project whilst not completed, is on track with absence, terminations, payslips, work structures, procurement now completed and live in production. Remaining items scheduled for Q1 2027
Freshservice Phase 2	Q4 26/27		Adopting all the new functionality to improve the handling or queries and requests. This will focus on introducing features such as workflow to make better use of the new functionality and reduce manual work		This project is a wok in progress alongside day to day BAU. However as the lead officer post for this work is vacant there will be a delay until the role is filled.
AI - HR	TBC		Adopting new AI functionality to reduce queries and processes initially focusing on HR queries		Work is underway on a test system to ensure that when the new chatbot is deployed it will add value and be useful for both EMSS and customers.
New BACS system	August 26		Current system relies on an LCC server to transmit the files, with the new system we will be able to transmit direct allowing for the old server to be decommissioned		There have been a number of technology issues and combined with slow response times from the Oracle Managed Service provider has caused delays. These are largely resolved so the new system should be up and running during Q2 26/27.
FSC – Duplicate payment identification system replacement	Sept 26		The current system requires upgrading		Latest testing has been positive so this should be moving into operation in Q2 26/27

Invoice Processing solution procurement	April 26	Procurement of automated invoice processing solution	Procurement activities are complete and contract with the agreed provider has now been signed.
ESC – resolve ‘reducing balances’ element issues	October 26	Issues still outstanding from ‘go-live’ on certain payroll elements, i.e those where the balances with an impact on HMRC tax and N.I reduce each month over a set period of time.	Work is progressing if a little slowly due to the commitments required on the Redwood project. Testing is set to be completed in Q3, live date depends on the outcome of the testing.
ESC - Seeded Absence and MCR	May 26	To complete the final move to seeded Oracle functionality	Development work is complete.
ESC - Process Mapping and Activity Based Costing (leading to ESC Best Value Review)	Sept 26	To ensure that all processes have been captured and SOPs created. They will also be measured so we understand the resource used to deliver all activities. Once completed this will enable a best value review to be undertaken	Work continues to progress well and only the best Value Review to still be done. Review is set to be completed by Q2 26/27

Summary

57. Quarterly performance reports are presented to the Joint Committee, Sponsors and DMT each quarter. Detailed monthly KPI and performance reviews are in place each month. The performance reports detail the volumes that pass through the service and project specifics required to keep that continuous improvement a reality as well as any performance issues and or blockages that require decisions or escalation.

58. EMSS is able to present a robust and stable service, although it hasn't been without its challenges. Next phase focuses on scaling improvements through technology, a strong leadership culture, ensuring that all vacancies creating current strain on the service are filled and ensuring there is sufficient expertise in place to support our partners as they enter into LGR.

Background Papers

Shared Services with Nottingham City Council – Cabinet, 7 September 2010
http://politics.leics.gov.uk/documents/s47156/E%20-%20Shared%20Services.pdf

East Midlands Shared Services: Procurement of Managed Hosting Service – Cabinet, 26 July 2011
http://politics.leics.gov.uk/documents/s55039/N%20east%20midlands%20shared%20services%20procurement.pdf

East Midlands Shared Services: Consultancy Report – Cabinet, 13 September 2011
http://politics.leics.gov.uk/documents/s56198/M%20%20East%20Mids%20Shared%20Servs%20consultancy%20support.pdf

Circulation under the Local Issues Alert Procedure

63. None

Equality Implications

64. None

Human Rights Implications

65. None

Officers to Contact

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Appendices

EMSS Strategic Plan 2026 - 2030

Appendix

EMSS Strategic Plan 2026 -2030

Strategic Aim

- To ensure that EMSS are a centre of excellence able to provide advice as well as a solid transactional services business.
- To grow and expand the service internally with existing partners and externally with potential new clients in the longer term.
- To maintain a drive for continuous improvement, demonstrate where possible EMSS can add value, streamline processes to deliver a professional service whilst delivering cost savings and efficiencies.
- Present Invest to save opportunities, that do not compromise the service quality, utilising A.I where appropriate to automate and streamline manual processes.
- Develop a self-service culture that enhances customer, supplier and partner experience.
- Maintain a productive and friendly team culture that sees everyone engaged and invested in council values and the EMSS brand of encouraging continuous improvement and welcome contribution from all staff.
- To add value and provide visibility of performance via reporting and data analysis.

People:

- To ensure EMSS are a credible and reliable source of support with multi skilled workers, remove single points of failure.
- To develop the teams allowing them to grow and develop personally and professionally.
- Identify training needs and performance issues and ensure they are managed accordingly.
- Create a structured succession plan for those looking to progress.
- Ensure that regular one to ones are conducted by line managers, not only to keep performance and morale on track but also identify potential skillsets or ambitions not being utilised, opening up the door for training and progression where possible. Frequency should be at least monthly but may be required more frequently where extra support or performance management is required.
- Ensure that sickness and absence levels are managed accordingly with support plans in place where required.
- Engage with Apprenticeship and Kickstart programs to employ and develop apprentices where appropriate.
- Promote and encourage use of the Learning hub for additional training across the teams.
- Promote contribution to new ideas from the EMSS team.
- Ensure expectation and accountability are in place.
- Promote the Councils policies on Equality and Diversity.

Activities to support Objectives:

- Regular updates to all staff ensuring they are fully aware of all current projects and future plans by means of daily Huddles, weekly management meetings, Staff briefings and project updates.
- Current projects have shown the value of ensuring the people who are close to the detail have a say in how EMSS can improve processes, as such, these people are involved in all relevant implementation projects.
- Encourage the team to contribute to our continuous drive for efficiency and improvement by creating an ideas board where they can be part of the bigger picture and feel included in the development and expansion of the service.
- Ensure that staff have an outlet to air suggestions and concerns and ensure that they are heard and responded to. As well as one to ones and daily team huddles where staff are encouraged to report any concerns regarding work or wellbeing.
- Ensure that team expectations are made clear and that performance is measurable, creating both accountability and increased job satisfaction.
- Utilising the FTE analysis to demonstrate the average and acceptable output levels required from each person.
- Ensure all processes are clearly mapped with specifically defined via Oracle Guided Learning to ensure all processes are followed to the same high quality by all. This also allows EMSS to identify any gaps in the process and demonstrate a clear end to end journey where risks and exposure can be satisfied on request.
- Regular meetings with team managers to ensure that the tone, expectation is consistent.
- Circulation of wellbeing services to ensure staff are aware of all support offered.
- Regular review of SLA and service performance.
- Utilise reporting to understand blockages and or service success.
- Ensure processes are documented and change boards correctly record any changes.
- Appropriate learning and development to meet business needs such as appropriate leadership training, performance management, service non negotiables and team culture.

Projects

2026 Ongoing projects due for completion in 2026

- Performance metrics and Local Authority Benchmarking Club
- Improved Performance Reporting – KPI Packs via FDI.
- Caseware replacement (identifies duplicate and erroneous supplier payments)
- Seeded Payroll & Pension reporting (maximising Fusion functionality)
- Official written process to solidify the salary overpayment recovery process

2026 – 2030

- Scope additional debt recovery service provision within NCC
- Explore new Commercial opportunities
- Explore Kefron functionality for supplier credit note processing.
- Explore A.I to improve overall Finance and Payroll functionality, address some Oracle functionality.
- Be on standby to complete Redwood deadlines for additional modules not yet announced – (Oracle system update, look and feel)
- Customer self-serve Portal Review and business case. (Customers to obtain copy invoices, make payments and obtain statement of account via self serve)
- Electronic customer statements (Debt collection efficiency)
- Proposed business case for Credit Risk team
- Engage and prepare to support LGR for both partners
- Reduce FSC Phonelines, move to online / self-service/ AI BOT
- Business Development Growth, expand internal knowledge and resource for in house system change delivery.
- AR Payment up front options
- Extend HR triage to LCC – ESC
- Ensure service providers and contract renewals are completed following the correct procurement processes.
- Improved Payroll report checking.
- Business case for internal Credit Risk team.

Customers:

- Ensure that professional guidance on all processes are readily available.
- Encourage self-serve culture by utilising tools available in Freshdesk such as the EMSS FAQ guidance portal.
- Ensure that our teams provide a standard of service that is professional and fit for purpose
- Ensure that regular account meetings are held with Partners to provide visibility of all relevant activities and performance.
- Ensure that Service Area relationships are developed and maintained to improve relevant processes and results.
- Ensure that KPI data provides a clear indication of performance, highlights areas that require service area escalation and demonstrates that EMSS are adding value as a service provider.

Technology:

- Ensure that Quarterly system updates are managed and have a finance representative for each area to ensure any changes created by systems update are captured and communicated.
- Ensure that there is a dedicated FOG representative.
- Utilise and build relationships with experts in the Business Support team to ensure systems expertise and reporting experts are utilised.

- Expand internal system support team to increase the number of change requests delivered in house.
- Ensure contractual obligations are met from system and support provider

EMSS try to ensure that all projects include the use of technology where possible and relevant, so that each change can create efficiency. Current projects utilise the relevant technology ensuring that we do not simply swap one data processing process for another, but that we drive forward improvements with every change.

Finance

- Ensure that budget setting and monitoring processes are followed and kept up to date.
- Maintain and monitor costs and use budget overview to drive decisions on cost savings.
- Identify opportunities to take on more work which will help relieve Partner resources.
- Potential opportunities to obtain external clients to create an income for EMSS in the longer term.

Challenges

- **System Downtime**: Occasional downtimes of the ERP and other critical systems such as Controc LAS and ASC Direct Payment systems can disrupt workflow and reduce overall productivity. Although this is considered relatively low risk.

- **Resource Allocation**: Inefficient allocation of resources sometimes results in bottlenecks and delays in service delivery, particularly when there are competing priorities and or spikes in volume.

- **Change Management**: Resistance to change among staff can slow the adoption of new processes and technologies, impacting overall efficiency. This resistance can exist across service departments as well as within EMSS itself. Without the correct level of engagement, projects could be slower to progress.

- **Financial Constraints**: Budget limitations can restrict the ability to invest in new technologies and training programs, which are essential for continuous improvement.

- **Compliance and Regulatory Requirements**: Keeping up with evolving legal and regulatory requirements, such as data protection laws and financial regulations, can be challenging and resource intensive. EMSS will utilise. Information Governance, procurement and legal departments to ensure all statutory and legal requirements are covered. Being bound by Local government policy on things like absence and performance management can make for very difficult long winded processes.

- **Stakeholder Expectations**: Meeting the high expectations of stakeholders for quality and value-for-money services requires continuous improvement and innovation is an expected, but constant pressure.
- **Technological Advancements**: Rapid advancements in technology necessitate ongoing investment and adaptation, which can be difficult to manage within existing budgets and resource constraints.

- **Data Security**: Ensuring the security and privacy of sensitive financial and personal data is a constant challenge, especially with increasing cyber threats. Regular system health checks are in place as well as a review of the EMSS Business continuity plan.

- **Integration of Systems**: Achieving seamless integration between different financial and HR systems to ensure accurate and efficient data flow can be complex and time-consuming.

Strategic Principals

- **System Integration**: Maximise core system functionality.

- **Enhanced Collaboration**: Strengthen partnerships with other local authorities and public sector organizations to share best practices and resources.

- **Technological Advancements**: Invest in cutting-edge technologies such as artificial intelligence and machine learning to further automate processes and enhance service delivery.

- **Expansion of Services**: Explore opportunities to expand the range of services offered to include additional transactional and advisory services.

- **Continuous Improvement**: maintain a culture of continuous improvement through regular training, feedback, and performance reviews to ensure high standards of service.

- **Automation**: continue to investigate opportunities for processes that can implement Robotic Process Automation (RPA) for routine financial tasks

- **Sustainability Initiatives**: Implement green practices and technologies to reduce the environmental impact of operations.

- **Training**: develop comprehensive training focussed on new technologies and process improvements to 'grow our own' experts reducing the reliance on external providers.

- **Change Management**: implement change through regular communication, training, and support to help staff adapt to new processes, policies and advancing technology.

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