Leicestershire County Council

SCRUTINY COMMISSION: 12 SEPTEMBER 2018

MEDIUM TERM FINANCIAL STRATEGY UPDATE

DRAFT MINUTE EXTRACT

The Commission considered a report of the Director of Corporate Resources which would be considered by the Cabinet at its meeting on 14 September and explained the approach to updating the current Medium Term Financial Strategy (MTFS) and advised of the recent Government announcement with raged to 75% business rates retention pilots for 2019/20.

The Director of Corporate Resources, in his introduction to the report, advised members that the Council's financial position was challenging, although it was expected that balanced budget would be set for the next two financial years. The Government had recently announced that it would make additional funding available to the NHS: given the current national financial position, it was therefore expected there would be no further funding available for local government over the next few years.

In terms of the Council's fair funding campaign, the Director indicated that the Institute of Fiscal Studies had recently recognised that London received proportionately more funding that the rest of the country. He was cautiously optimistic regarding the success of the campaign, bearing in mind the context of no additional resources being available.

The report highlighted savings under development. These were all proposal for achieving greater efficiencies and finding different ways of working and would therefore be technically challenging to deliver.

The Deputy Leader and Cabinet Lead Member for Resources, Mr J B Rhodes CC, advised that the Cabinet was likely to recommend that the County Council added a 1% precept to Council Tax to fund adult social care. It was not yet clear whether Council Tax increases, excluding the adult social care precept, would be capped at 2% or 3% by the Government. The settlement would be confirmed in the autumn.

Arising from discussion the following points were raised:-

(i) The Government was expected to cease its plans to implement negative Revenue Support Grant. This meant that the County Council would gain an extra £2 million funding.

(ii) It was agreed that there was an imbalance between the levels of funding received across the Midlands, in favour of the West Midlands. This was driving the current proposal for a Strategic Alliance between the upper tier and unitary authorities in the East Midlands. This was in an early stage of development and it was acknowledged that the governance arrangements would need to be robust in order to attract Government funding.

(iii) Leicester and Leicestershire were applying to pilot the retention of 75% of business rates. The nine councils were close to agreeing how the money would be allocated; it would be used to fund infrastructure and financial sustainability. If successful, the pilot would generate an additional £14 million

(iv) It was queried whether, if there were currently difficulties in funding school places, it would be possible to meet the infrastructure requirements set out in the Strategic Growth Plan. However, members were reminded that the Strategic Growth Plan addressed the period between 2031 and 2050 and that without a plan in place it would be more difficult to bid for funding for infrastructure.

(v) The funding pressure relating to school places had arisen because, when new schools were built, they were not fully occupied and needed subsidising for the first couple of years. It did not relate to issues around children from Leicester City attending schools in the county.

RESOLVED:

That the comments now made be submitted to the meeting of the Cabinet on 14 September 2018.