



HEALTH OVERVIEW AND SCRUTINY COMMITTEE

13 JANUARY 2021

MEDIUM TERM FINANCIAL STRATEGY 2021/22 TO 2024/25

MINUTE EXTRACT

The Committee considered a joint report of the Director of Public Health and the Director of Corporate Resources which provided information on the proposed 2021/22 to 2024/25 Medium Term Financial Strategy (MTFS) as it related to the Public Health Department. A copy of the report marked 'Agenda Item '9' is filed with these minutes.

The Chairman welcomed Mr. L. Breckon JP CC, Cabinet Lead Member for Health, Wellbeing and Sport, to the meeting for this item.

In introducing the report, the Director informed the Committee that for 2021/22 the Public Health Grant was to be maintained at the same level as the previous year on a 'flat cash' basis. Funding for the following years was uncertain. The Department sought to bring as many services as possible in-house in order to benefit from efficiencies and more joined up working with other services provided by Public Health, whilst recognising that some specialist services needed to be commissioned.

The Cabinet Lead Member highlighted the additional work that the Public Health Department had been carrying out in relation to the Covid-19 pandemic and stated that the general public were now better aware and more appreciative of the work of the Department. He stated that the pandemic had brought to the fore issues such as mental health and the need for the public to exercise regularly and he expected that these areas would receive greater attention in future.

Arising from discussion, the following points were noted:

Service Transformation, Proposed Revenue Budget and Budget Changes and Adjustments

- (i) It was very difficult to estimate the impact residual issues from the Covid-19 pandemic would have on the budget, this had therefore been based on demand being at normal levels.
- (ii) Approximately two thirds of the net budget for 2021/2022 was proposed to be spent on Sexual Health, Children's Public Health 0-19 and substance misuse.
- (iii) Previously the Health Protection Response was the responsibility of Public Health England, but during the 2020/21 year it had become part of the local

Public Health workstream due to the Covid-19 pandemic. During 2020/21, the Department received a grant of £2.3m for local authority test and trace support services. The Health Protection Response Team had been created within the Public Health Department and members of that Team had been heavily involved with care homes during the pandemic. The Infection Control Team had also been invested in using the additional Covid-19 funding.

Growth

- (iv) The only growth area expected related to the retro-viral drug PrEP. There had been a legal case regarding who should pay for the drug which had concluded that Public Health England should provide the funding. However, as a result of the drug being used, there were expected to be additional referrals into the sexual health service which was funded by the County Council's Public Health Department. Consequently, the Department had been awarded £20,000 to enable it to manage the additional referrals.

Savings

- (v) A review was taking place of the GP Health Check service to ascertain whether any further savings and efficiencies could be made. No indications could be given yet as to the results of this review, but alternative ways of delivering the service were being explored such as the alternative provider model and using other public sector organisations such as the Fire Service. There was no timeline for when the review had to be completed though the savings had to be delivered by 2024/25.
- (vi) The First Contact Plus service was delivered via telephone and online and was aimed at service users rather than professionals. A member of the public could self-refer to this service and receive advice on healthy lifestyles, debt and other matters. External funding of £159,000 per annum had been received from Better Care Together to help support First Contact Plus. A considerable amount of money had been taken out of the service in previous years therefore it would be difficult to produce further efficiencies.

External Influences

- (vii) There had previously been discussions initiated by Government regarding whether Sexual Health commissioning should remain with Public Health departments or become part of the NHS remit. There had been no recent update from Government regarding this.
- (viii) In the future there could be other structural changes to Public Health and the wider health system, but the nature of these was not yet known.

The Director of Public Health and members expressed their thanks to Public Health staff for their work during the Covid-19 pandemic and it was noted that many staff had carried out duties in relation to Covid-19 in addition to their normal workload.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 25 January 2021.

**ENVIRONMENT AND TRANSPORT OVERVIEW AND SCRUTINY
COMMITTEE**

14 JANUARY 2021

MEDIUM TERM FINANCIAL STRATEGY 2021/22 TO 2024/25

MINUTE EXTRACT

The Committee considered a joint report of the Director of Environment and Transport and the Director of Corporate Resources which provided information on the proposed 2021/22 to 2024/25 Medium Term Financial Strategy (MTFS) as it related to the Environment and Transport Department. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Chairman welcomed the Deputy Leader, Mr B Pain CC, the Cabinet Lead Member for Resources, Mr J B Rhodes CC, the Cabinet Lead Member for Highways, Transport and Waste Mr T Pendleton CC and the Cabinet Support Member Mr O O'Shea CC to the meeting for this item.

In introducing the report, the Director of Environment and Transport advised members of the continuing financial challenges facing the Council and that further savings were required to address future challenges, notably Special Educational Needs and Disabilities (SEND) transport and continued waste tonnage increases.

Arising from the discussion the following points were noted:

Growth

- i. **G13 - SEN Transport** – Growth reflected the increased client numbers and costs arising from increasingly complex needs presented by some service users. Figures forecast expected 10% growth in the service (as per data provided by the Children and Families Department). as well as a 3% increase in transport costs. The Department continued to look at how growth may be contained over the duration of the MTFS and were aware that colleagues nationally were raising concerns about the overall cost of SEN provision and transport with Government.
- ii. Data on previous growth in pupils identified with SEN and predicted growth would be circulated to Members. A briefing would further be organised to help Members understand the process of preparing Education, Health and Care plans for those children with SEN needs.
- iii. **G14 – Developing External Funding Bids** – The report presented the removal of the one-off growth for temporary capacity to support the development of external funding bids in 2020/21. Members were advised

the Department would continue to have some capacity to prepare bids for funding and was covered elsewhere in the budget. However, it was recognised that there was a wider conversation that needed to be had with Government regarding efficiency of the bidding process for authorities and the resource that it required.

- iv. **G15 - Highways Maintenance** – Funding for highway maintenance from the Department for Transport had effectively been reduced by £10million a year over the last decade. The County Council invested an additional £3.7million funding in the previous year in recognition of the importance of this service and underfunding it faced. As a result of Covid-19 Government had amalgamated a number of funding streams, some of which would previously have been part of a competitive bidding process, and allocated £9.5million to the County Council to be spent by the end of the current financial year. While the Authority welcomed the funding, assurance for long term funding was needed for the Authority to plan most effectively and achieve the best value for money.
- v. There was a concern that due to Government's continual underfunding of Council services residents were seeing a decline in the most visible services to them such as highway maintenance. This was despite increasing council tax that was required to support the financial pressures on the Council.
- vi. Members noted that in previous years the Department had reduced full width grass cuts from six to five following an earlier budget consultation where residents had rated it as a lower priority. However, the reduction had resulted in heavy backlash, thus the six cuts were reinstated, which was welcomed by Members. Members noted that twelve parish councils had signed up to the Wildflower Verge Scheme, it was recognised that the Council still needed to manage such verges to ensure that weeds did not dominate, allowing wildflowers to thrive and encourage pollinators. It was pleasing that communities support and appreciated the environmental commitment from the Authority.
- vii. The Department had to prioritise speeding measures such as the community speed enforcement initiative. There were over 150 sites of resident's concern, unfortunately there was only funding for an additional seven average speed camera sites, though sites would be moved over time and as appropriate.
- viii. **G16 – Waste Tonnage** – The Department typically assumes underlying growth of 1% per annum to accommodate new housing being built in the county. However for 2021/22 3.2% was required to address the rise in household waste during the pandemic, noting that the New Year had seen the highest ever level of tonnage through the Recycling and Household Waste Sites for a week in January and that the level of recyclates was also at its highest point in part due to increasing online shopping.

Savings

- ix. **ET1 – Revised Passenger Transport Policy** – Due to Covid-19 the Policy had been paused. There was a concern that the impact of the pandemic would destabilise operators and require them to withdraw further services, while the Council would need to continue to ensure residents could access key amenities.
- x. **ET2 – Review of Social Care and SEN Transport** – Members noted that there remained a delay in the delivery of savings from the post-16 SEN transport proposals due to the judicial review and legal proceedings. The Court had found the Authority legally compliant and the Council hoped to implement the proposal from September 2021, dependent on the outcome of the remaining appeal.

Savings under Development/External Influences and Other Factors Influencing MTFs Delivery

- xi. The Director assured Members that the Department had undertaken an initial review to manage the level of SEN transport growth and were working with Newton Europe to look at efficiency, journey optimisation and challenge the occupancy of vehicles. Part of the work involved looking at bringing the most expensive SEN journeys in-house to manage the costs associated.
- xii. There was a concern that Government's proposal to remove the fuel duty discount for red diesel from April 2022 would have a substantial financial effect on costs given a proportion of the Council fleet, such as gritting vehicles and other work vehicles, run on this fuel.

Capital Programme

- xiii. The Department would continue to use funding for Integrated Transport Schemes (an assumed £2.73million each year from 2021/22 to 2024/25) to match fund grant bids such as into the Single Local Growth Fund and National Productivity Investment Fund, as well as fund advanced design and feasibility studies. Such match funding allowed the Department to gain leverage from other funding streams that Government offer to enable access to greater funding for bigger improvements on the network. Members were assured that maintenance was considered separately as part of other funding streams.
- xiv. Early estimates of the Melton Mowbray Distributor Road led to £49.5million being secured through Government's Large Local Majors funding pot, while the County Council would forward fund £14million. Such forward funding would be claimed back through developer contributions.
- xv. Officers would provide further detail regarding the Windrow Composting facility on timing and proposed savings it would offer.

Members thanked officers for producing a budget during such challenging times.

In closing the debate Mr Pendleton advised the Committee that the Department would continue to look to support communities, such as with the community speed enforcement initiatives, despite the pressure to make further savings. It was evident that more needed to be done about innovative thinking regarding the pressures on SEND transport and that work would continue with colleagues in Children's and Families.

RESOLVED:

- a. That the report and information now provided be noted;
- b. That further information be circulated to members on past growth in numbers and cost, and future forecast demand for SEN transport and that a briefing be set up with Children and Families on the ECHP process;
- c. That the comments now made be forwarded to the Scrutiny Commission at its meeting on 25 January 2021.



**ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY
COMMITTEE**

18 JANUARY 2021

MEDIUM TERM FINANCIAL STRATEGY 2021/22 TO 2024/25

MINUTE EXTRACT

The Committee considered a joint report of the Director of Adults and Communities and Director of Corporate Resources which provided information on the proposed 2021/22 to 2024/25 Medium Term Financial Strategy (MTFS) as it related to the Adults and Communities Department. A copy of the report marked 'Agenda Item '8' is filed with these minutes.

The Chairman welcomed Mr R Blunt CC, Cabinet Lead Member and Mrs Radford CC, Cabinet Support Member to the meeting for this item.

In introducing the report, the Director advised members of the financial challenges facing the Council and the demand and cost pressures facing adult social care services in dealing with an ageing population, an increasing number of people with complex disabilities and increased costs in meeting their assessed needs.

Arising from the comments and questions raised, the Committee was advised as follows:

Proposed Revenue Budget

- i) The revenue budget did not take into account any pay or price inflation. A contingency was held centrally and allocated in year when the position became clearer. In the previous year, a sum of £7.6m million had been transferred for price, pay and pension inflation. The proposed revenue budget did not include the additional revenue that would be generated were the Council minded to levy the 3% social care precept which would generate approximately £9.3million. The consultation on this and the level of Council Tax had just closed and the Cabinet would need to have regard to the outcome of the consultation before taking a decision.

Growth

- ii) **G8 – Learning Disability Demand** – Members were advised that there was close working with the Children and Families Service so that the demand was reasonably well known to allow good forecasting. The work between the two Departments also focussed on ensuring that during the transition

phase service users and their families were supported with opportunities for independence and elsewhere in the budget a potential saving is being forecast as a result (AC10 refers).

- iii) G9 – Mental Health demand - Members welcomed the proposed growth to address the additional need as a result of the Covid Pandemic.
- iv) G11 – Market Premia - The challenges in recruiting and retaining social work staff were fully recognised and the proposed growth was supported. Members requested that the position be closely monitored given the central role played by social workers in the delivery of services to the elderly and vulnerable.
- v) G6 and G7 – Increased demand from Older People and Learning Disabilities This growth recognised the increasing demands from demographic growth and the increasing complexity of care and fragility of some service users. A report was due to be presented to a future meeting of the Committee on how needs were being met and the impact on carers. It was noted that the demographics and the fact that people were living longer, but often with poorer health, required support to be provided to more people with complex needs.

Adult Social Care – Savings

- vi) Members noted the savings proposals and commented favourably on the Department's approach. In particular members highlighted the following saving lines in the budget which whilst delivering savings had the added benefit of improving services and outcomes:-
 - AC2 – Social Care Investment Plan
 - AC4 – Revised Operating Model (TOM)
 - AC5 – Digital Assistive Technology
 - AC8 – Digital Self-Serve Financial Assessments
 - AC9 – Review of Mental Health pathways.
- vii) A commitment was given to a report being submitted on the Revised Target Operating Model to ensure that it was meeting its objectives and that all those assessed as requiring services were receiving the necessary support.

Communities and Wellbeing – Savings

- viii) Members noted that there were no new savings in this area of service.

Better Care, Covid and other Funding

- ix) Members noted with some concern there was still no clear view from the Government on a number of these important funding streams given that they would affect over 20% of the Departmental Budget.

- x) With regard to the Disabled Facilities Grant members were advised that the figure for the current year included an in-year one-off grant from the Government which had been pass-ported to the District Councils. Officers concurred with member comments that the restrictions placed on the use of DFG and the inability to use some for small 'revenue items' prevented best use of this money. It was hoped that the Government would look at some flexibility in this regard.

Savings Under Development

- xi) The proposed areas for exploration of savings were noted.

Capital Programme

- xii) The Capital Programme was noted.

RESOLVED:

- a) That the report and information now provided be noted;
- b) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 25 January 2021.



**CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY
COMMITTEE**

19 JANUARY 2021

MEDIUM TERM FINANCIAL STRATEGY 2021/22 TO 2024/25

MINUTE EXTRACT

The Committee considered a joint report of the Director of Children and Family Services and the Director of Corporate Resources which provided information on the proposed 2021/22 to 2024/25 Medium Term Financial Strategy (MTFS) as it related to the Children and Family Services department. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Chairman welcomed Mrs. D. Taylor CC, Lead Member for Children and Family Services, to the meeting for this item.

Arising from the discussion, the following points were raised:

Service Transformation

- i) The department was embarking on proposed significant transformation comprising of four main programmes – the High Needs Development Programme, Defining Children and Family Services for the Future, Children's Innovation Partnership and departmental efficiencies. These would deliver substantial cost efficiency savings and enable a sustainable, cost effective operating model whilst improving outcomes for children and young people.
- ii) It was reported that the Children's Innovation Partnership had capital investment of up to £2.5m to create up to 12 placements and a member asked for more specific clarity around what this entailed. The Director stated that the service had identified the need for some homes for children in Leicestershire and the first phase of the Children's Innovation Partnership Residential Design Brief had identified the need for an investment of up to £2.5m in order to purchase or build properties that would be used to either place young people or as assessment beds.
- iii) The department had gone into partnership with Barnardo's in 2018 and the Children's Innovation Partnership had been established for the department to work alongside a partner to improve outcomes for children. This was being developed through design briefs, the first of which was the Residential Design Brief. The majority of work undertaken to date had related to developing a number of programmes, including family group

conferencing and work during the summer holidays. The Residential Design Brief focussed on improving the sufficiency of places and quality of residential provision as a result of a specific brief looking at the number of children in residential provision and how that provision could be improved. £2.5m capital had been invested to purchase a number of properties and it was projected that there would be some savings in light of the scheme due to placement costs being lower than what was currently being paid.

- iv) The Children's Innovation Partnership Residential Design Brief was welcomed but a member commented that this was a complete turnaround from when the County Council had outsourced its children's homes. In response, the Director stated that the County Council was not looking to open and operate children's homes itself. Consideration was being given to developing a different kind of residential provision for children based on understanding their needs. Part of the strategy included continuing to work with the private sector providers to ensure that there was a wide range of provision for children. However, the County Council was also looking to develop more provision through Barnardo's as a delivery partner.

Proposed Revenue Budget

- v) The total gross proposed budget for 2021/22 was £338m with contributions from specific grants, health transfers and service user and partner contributions of £249m projected. The proposed net budget for 2021/22 totalled £89.1m. Net budget increases of £1.88m had been made during the 2020/21 financial year and had now been adjusted for in the updated original budget. This comprised of the staff pay award and fostering placement inflationary increases.

Growth

- vi) Growth over the next four years totalled £23.1m, including £10m in 2021/22. The majority of the growth requirement related to continued increases in demands (and complexities) for children's social care services culminating in increased placement costs and social workers. A member raised a query around the pattern of growth and why there was such a large increase in 2021/22 followed then by smaller growth in the ensuing three years. The Director confirmed that the amount in 2021/22 was largely due to the overspend in the current financial year. In relation to the growth for social care placements, the increased unit cost had not previously been built into the budget and was therefore not reflected adequately. The projected growth requirement had been based on what the department assumed unit costs would be and the number of children coming into care, taking into consideration the previous patterns. However, the local authority had very little control over the increased unit costs and cost of provision. Some concern was raised around this, although it was anticipated that the work being undertaken with Barnardo's would look at bringing some control over costs back in house.

- vii) In relation to G1 – Social Care Placements, costs for placements were being incurred beyond the £3m growth originally provided for, primarily as a result of an increase in the average unit cost. As a result, the Children’s Social Care placement budget in 2020/21 was projecting a £2.9m overspend resulting in growth required to address the current year shortfall and to support the forecast growth for future years. In response to a query around the cause in growth in placements, it was stated that there were a number of factors, including a demographic increase and a greater number of complex cases. There had been an increase in the number of older children coming into care and a change in departmental responsibilities.
- viii) Change to case law and court directives had had an adverse impact on the current budget situation. There had been an increase in demand for parent and baby placements and increased pressure on courts to keep parents and children together. There were also other market pressures, such as the impact of Covid-19. The Defining Children and Family Services for the Future and Children’s Innovation Partnership programmes included a focus on prevention, drift and ensuring the right setting first time. This included creating an Assessment and Referral Team and Hub and additional residential multi-functional capacity which would have a positive impact on placement availability and suitability, reducing the reliance on out of county placements. This was reflected in the increased savings.
- ix) Investment in additional frontline social care staff was required to ensure statutory duties continued to be met. During the current year, positive progress had been made in recruiting social workers and reducing the reliance on agency staff, although Covid-19 had impacted the scale to which this had been achieved. Growth in relation to G3 – Social care staff market premia remained unchanged, other than that it had been extended for a further year.
- x) The growth requirement for G4 – Unaccompanied Asylum Seeking Children – had been reduced. The levels of demand and costs had largely been contained within the budget for the current financial year and this had been helped by the Home Office increasing its funding rates. Increased demands were still a risk, although there were no current known factors to suggest that the previous growth was required at that level.
- xi) The School Place Planning service had been supported from the creation of a specific reserve which had now been depleted and Basic Need Funding had been decreased. Budget growth was required to continue to deliver the school accommodation programme at the same level. A review was underway to determine whether any resources could be recharged to the capital programme.
- xii) Attention was drawn to G6 – increased demand for legal costs. Over the past year, there had been a significant increase in the number of care proceedings lodged with the Court which had resulted in a forecast

overspend of £0.4m in 2020/21. There were no indications that the level of demand would reduce in the near future.

- xiii) The Lead Member for Children and Family Services confirmed that the Children's Social Care review had recently been launched by Government, and this would take into consideration a number of the issues raised.

Savings

- xiv) Proposed savings totalled £3.75m in 2021/22 and £16m over the next four years in total. The High Needs Development Plan aimed to ensure sustainable services for children and young people with special educational needs within the High Needs Block of the Dedicated Schools Grant (DSG); to achieve this, costs reductions of £25.8m would be required over the period of the MTFS. It was also proposed that significant savings would be achieved through the Defining Children and Family Services for the Future programme, the Children's Innovation Partnership and departmental efficiency savings.

Dedicated Schools Grant/ Schools Block

- xv) For 2021/22, the DSG remained calculated in four separate blocks – Schools Block, Central School Services, High Needs and Early Years. The 2021/22 MTFS continued to set the overall Schools budget as a net nil budget at local authority level. However, in 2021/22, there was a funding gap of £5.6m on the High Needs Block which would be carried forward as an overspend.
- xvi) With regard to the Schools Block, there was a further movement towards the National Funding Formula which would fund all pupils at the same rate irrespective of the authority in which they were educated. The National Funding Formula used pupil characteristics, each with a nationally set funding rate to generate school level funding to local authorities. Funding levels between local authorities and individual schools within local authorities varied as a result of pupil characteristics rather than national funding levels. It was noted that school funding remained a 'soft' school funding formula for 2021/22 but the Department for Education had confirmed its intention to move to a 'hard' formula as soon as possible.
- xvii) The allocation of funding received for the initial revenue costs of commissioning additional school places in 2020/21 was £3.3m and this would reduce to £2.4m in 2021/22. In the medium to long term, 26 new primary and three secondary schools were expected to be built in Leicestershire. The revenue requirement for new schools was difficult to assess, although early estimates suggested that the cost could be managed within the existing grant. Expenditure was expected to rise annually from 2021/22 and to peak at £5m in 2023/24. Annual underspends in growth funding would be set aside in the DSG Earmarked Fund to meet the peak.

School Funding Formula

- xviii) It was reported that nationally, schools would receive a minimum per pupil increase in funding of 2% per pupil. Despite the overall increase in budget, there would still be 40% primary and 9% secondary schools funded at the minimum funding level and these would experience a real terms decrease in income.

High Needs

- xix) It was noted that 2021/22 was the second of a three year settlement for school funding and nationally, high needs funding had increased. Local authorities had a guaranteed minimum increase of 8% per head of population; Leicestershire had received the minimum and remained on the funding floor. The provisional High Needs DSG was £83.1m and the forecast position on the High Needs element of the DSG was presented. National research showed that high needs deficits were growing within almost all local authorities in a deficit or close to position. The Department for Education had undertaken a review of the SEND system but it was yet unknown when any findings from the review would be published.
- xx) The funding position included a transfer from the Schools Block DSG to High Needs in 2022/23 of £2m. Schools would be engaged in developing proposals for the transfer in 2021 before entering into consultation and seeking approval from the School's Forum.
- xxi) Nationally, early years funding had been increased by £66m and the grant remained determined by the number of children participating in early years education. The increase in funding equated to £0.08 per hour for two year olds and £0.06 per hour for 3 and 4 year olds. Leicestershire continued to receive the lowest rate per hour.
- xxii) In relation to the SEND review, this was seen as a positive step nationally. It was generally being seen that the number of children in receipt of an Education Health and Care Plan was increasing along with the unit costs. The review was looking at the system as a whole to ensure that it met the needs of children along with the pressure on budgets. Leicestershire was advocating with the DfE that the current position and funding gap was not a sustainable position for any local authority. A number of national discussions were taking place to highlight these concerns.

Capital Programme

- xxiii) The proposed capital programme totalled £84.4m for which the majority external funding was expected. The programme continued to focus on the delivery of additional school places and additional places to be delivered to support the High Needs Development Plan. Reassurance was sought from a member that there would be sufficient S106 developer contributions to provide the required additional school places for local children, particularly in the Oadby area. The Director reported that the S106 money

and the development of school places was based on a need of school places for children who reside in Leicestershire. Currently, there were sufficient places for all children who lived in Leicestershire and provision was good. There were issues in specific areas, where the ability to get a place was difficult, particularly where a family moved into the area mid-term. In terms of what was built around school places, this could only be based on the number of children projected would move into an area where there were S106 developments.

RESOLVED:

- a) That the report and information now provided be noted;
- b) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 29 January 2021.

SCRUTINY COMMISSION**25 JANUARY 2021****MEDIUM TERM FINANCIAL STRATEGY 2021/22 TO 2024/25****MINUTE EXTRACT**

The Commission considered a report of the Director of Corporate Resources which provided information on the proposed 2021/22 to 2024/25 Medium Term Financial Strategy (MTFS) as it related to Corporate and Central items, provided an update on changes to funding and other issues arising since the publication of the draft MTFS and provided details of a number of strategies and policies related to the MTFS. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Chairman welcomed the Leader of the Council, Mr N J Rushton CC, and the Cabinet Lead Member for Resources, Mr J B Rhodes CC to the meeting for this item.

Before the Director introduced the report, with the permission of the Chairman Mr Rhodes, the Cabinet Lead Member for Resources, advised the Commission that the budget as presented did not include any decision regarding the ability of the Council to levy an additional 3% precept for Adult Social Care. Having had regard to the significant financial pressures facing the Council the Cabinet at its meeting on 5th February would be recommended to opt to levy the additional Adult Social Care precept thereby resulting in a total council tax increase of 4.99%. The additional 3% precept would generate approximately £9.6million. The Commission was advised that the Council was reliant on council tax for funding 80% of its expenditure and received no Revenue Support Grant from the Government.

The Director of Corporate Resources in introducing the budget highlighted the significant uncertainty facing the Council going forward. Whilst the Council had prepared a four year MTFS, it was highlighted that the government settlement was for one year only and within that there were some grant funding streams which were yet to be agreed.

The Leader also emphasised the level of uncertainty facing the Council at this time. Costs were increasing, and demand for services was also increasing. As a result of the Covid 19 Pandemic it was highly likely that there would be further demands on Council services as families struggled to cope with the effects. He said the Council should, however, be proud of the support it had provided to residents and businesses during the pandemic through business support grants and funding for school meals

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

Revenue Budget

- (i) The pressures on the budget would largely depend on how the Government chose to address the national deficit which currently stood at over £2 trillion. Even if the Government were to seek to borrow to fund the deficit, there would still be significant pressures for a reduction in public spending.
- (ii) Unemployment was likely to increase significantly as a result of the Covid 19 pandemic which in turn would reduce the level of revenue generated from council tax as more people would become eligible for support. In the current year Government support, in particular the furlough scheme, had cushioned the economic impact of the pandemic. Given the Council's reliance on council tax revenue this was a concern, particularly for the County Council though it was acknowledged that district and parish councils would also be affected.
- (iii) The budget for 2021/22 was a balanced budget but looking ahead there was a significant gap of some £92million. Of this £30million of savings had been identified. A sum of £36million had yet to be identified. £26million related to Special Educational Needs. The Lead Member for Resources advised the Commission that the Council, together with a number of other Councils, had made strong representations to Government regarding SEN spending pressures. A response had been received from the Department for Education indicating they were aware of the issue but could not address it in the coming year but had offered a meeting to discuss the issue.
- (iv) Members of the Commission noted the challenging financial position and the significant uncertainty facing this and all other Councils. The need to address cost pressures arising from SEN and securing Fair Funding for the Council which remained one of the lowest funded Councils in the country, were of paramount importance.

Central Items, Growth and Savings, Council Tax and Business Rates and Reserves

- (v) Given the level of uncertainty faced by the Council over the coming 12 months, a contingency of £8million was being held in 2021/22, reflecting the difficulty delivering savings and resolving other financial issues, which if not required would be used for the Future Development Fund.
- (vi) The contingency for inflation and pay awards which was held centrally would be allocated to departmental budgets. The MTFS assumed £15m would be required for an increase in pay over the 4-year MTFS. If the public sector pay freeze was extended beyond 2021/22 this would mean a reduced need in the contingency to some £3million.
- (vii) It was difficult to predict the impact of the pandemic on funding realised from council tax, particularly the increase in the Local Council Tax Scheme

to support households facing unemployment. The budget proposals had built in an estimated shortfall of £14million in the coming year with smaller amounts in the following two years reflecting the expected economic recovery.

- (viii) Clinical Commissioning Groups (CCGs) were under significant pressure facing growing demand for services arising from the pandemic. The Council had a good working relationship with the local CCGs and the Council was supporting them in improving the discharge of patients from hospitals, this was only possible with significant Government funding which had not been announced for 2021/22.
- (ix) Each Overview and Scrutiny Committee had been advised of work being undertaken to identify additional savings to meet the shortfall in subsequent years. Much of this work was at an early stage but included reviews across several departments of their operating models to identify efficiencies. Given that the Council had already saved over nearly £200million since 2010 the opportunities for efficiency savings were limited and unless there was additional support and fair funding from Government there would be an adverse impact on services to the public.

Capital Programme

- (x) With regard to forward funding of capital schemes:
 - Work was on-going to develop a policy that would apply to all future projects across the County where the Council was required to forward fund a scheme. This would require consultation with district councils and a report would be brought to the Cabinet and a future meeting of the Commission regarding the proposed way forward.
 - There were risks associated with the forward funding of capital schemes as it relied on having robust and enforceable agreements with district councils. District councils were the authority responsible for the granting of planning permissions and setting conditions to such permissions including the application and agreement of Section 106 agreements on which the County Council would be reliant to meet the cost of infrastructure, particularly roads and schools, but also other service requirements such as waste disposal and libraries.
 - Whilst forward funding of infrastructure such as roads and schools is something County authorities are able to do, to ensure continuity of funding is available to support this approach on a County wide basis further legal advice was being sought from Counsel on the mechanics of using Section 106 agreements with developers and relevant district councils. This would inform the development of the policy.
- (xi) The Disabled Facilities Grant figure included in the Capital programme was passported in its entirety to district councils.

RESOLVED:

That the comments now made be submitted to the Cabinet for consideration at its meeting on 5th February 2021.

Medium Term Financial Strategy 2021/22 to 2024/25 - Chief Executive's Department.

The Commission considered a joint report of the Chief Executive and Director of Corporate Resources which provided information on the proposed 2021/22 to 2024/25 Medium Term Financial Strategy (MTFS) as it related to the Chief Executive's Department. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

The Chairman welcomed Mr N J Rushton CC, the Leader of the Council, Mr B L Pain CC, the Deputy Leader of the Council and Lead Member for Regulatory Services, Broadband Delivery and Minerals and Waste Planning, and Mrs L Richardson CC, Cabinet Lead Member for Communities, to the meeting for this item.

Arising from discussion and questions the following points were raised:

- (i) The Departmental expenditure Control Group established to scrutinise vacancy control and agency spend were conscious of the need to ensure delaying recruitment should not adversely impact on existing staff and on the level of service provided. There was a natural built-in delay as a result of the recruitment process which would account for most of the savings.
- (ii) The reference to solicitors in the Adult Social Care area required to draft 'robust responses to litigation' covered such areas as Deprivation of Liberties (DOLS) and where challenges were made by families regarding placements.
- (iii) The savings arising from paperless meetings was welcomed not only from a financial perspective but also delivering environmental benefits. Members expressed a view that this should continue even after a return to attended meetings recognising that some further work would be needed to support members.

RESOLVED:

That the comments now made be submitted to the Cabinet for consideration at its meeting on 5th February;

Medium Term Financial Strategy 2019/20 to 2022/23 - Corporate Resources

The Commission considered a report of the Director of Corporate Resources which provided information on the proposed 2021/22 to 2024/25 Medium Term Financial Strategy (MTFS) as it related to the Corporate Resources Department. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

The Chairman welcomed the Lead Member for Resources, Mr J B Rhodes, to the meeting for this item.

Arising from discussion and questions the following points were raised:

- (i) The increase in cost of the Microsoft licence was the subject of a revised contract negotiated by Crown Commercial Services on behalf of local councils and was in line with expectations. The level of increase was lower than had been in previous years having regard to the increased use of Microsoft products in facilitating remote working.
- (ii) The overall revenue budget for the Department had gone up and this reflected the cost of pay awards, particularly for more junior staff which was driven by increases in the national living wage. The Department employed a large number of lower paid staff in its school food service.
- (iii) The impact of the Covid pandemic was most acutely felt by Leicestershire Traded Services as the most significant part of its business was school food and catering services all of which were and continued to be adversely affected. This was likely to be the case for some time.
- (iv) The move to home working offered an opportunity to review the use of Council owned buildings and could result in a reduction in costs or a generation of income through the letting of vacant space and so had been identified as a potential saving.
- (v) The provision in the Capital programme of £2.5million for the Sysonby Farm development would only be taken up if the conditions attached to the Homes England Grant were deemed suitable

RESOLVED:

That the Comments now made be submitted to the Cabinet for consideration at its meeting on 5th February.

Medium Term Financial Strategy 2019/20 to 2022/23 - Consideration of Responses from Overview and Scrutiny Committees.

The Commission considered extracts from the minutes of the Overview and Scrutiny Committee meetings held to consider the Medium Term Financial Strategy (MTFS) 2021/22 to 2024/25 as it related to the County Council departments. A copy of the minute extracts is filed with these minutes.

Arising from discussion the following points were made:

Health Overview and Scrutiny Committee

The Chairman of the Committee underlined the considerable strain on Public Health in dealing with the Covid 19 pandemic and commended the staff for rising to this challenge.

Environment and Transport Overview and Scrutiny Committee

The Chairman of the Committee commended the Department on their work on delivering services with limited resources and cited as an example the quality of the road network as compared to other areas. One area of concern was the significant growth in SEN transport and the Committee had asked for a joint briefing with members of the Children and Families Overview and Scrutiny Committee to better understand the process and pressures faced by both departments.

Adults and Communities Overview and Scrutiny Committee

The Chairman of the Committee commented that the Department had achieved considerable savings from a review of its target operating model which had primarily been focused on improving outcomes for service users. He also highlighted the work now in hand to use, where appropriate for the service user, assistive technology which again aimed to improve outcomes but would also result in cost savings.

The Chairman highlighted one area of concern regarding the Better Care Grant which had yet to be confirmed. This was a grant which the Department was reliant upon in delivering its service.

Children and Families Overview and Scrutiny Committee

The Chairman of the Committee highlighted the significant budget pressures in SEN and Children's social care. Looking ahead she expressed concern that the lockdown was having a detrimental effect on children and young people in terms of lost learning and on their mental health and how this would affect demand for services.

RESOLVED:

That the comments now made be submitted to the Cabinet for consideration at its meeting on 5th February.