HEALTH OVERVIEW AND SCRUTINY COMMITTEE
19 JANUARY 2022

MEDIUM TERM FINANCIAL STRATEGY 2022/23 – 2025/26

MINUTE EXTRACT

Medium Term Financial Strategy 2022/23 – 2025/26

The Committee considered a joint report of the Director of Public Health and the Director of Corporate Resources which provided information on the proposed 2022/23 to 2025/26 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 Mrs. L. Richardson CC, Cabinet Lead Member for Health, to the meeting for this item.

In introducing the report the Director informed the Committee that the 2022/23 Public Health Grant allocation had not yet been announced which was of concern and the date of the announcement was not known. Although the Chancellor had indicated in his Autumn 2021 statement that there would be a real terms increase for the 2022/23 Public Health Grant, the department's budget had been based on an assumption that the Public Health Grant would remain the same as the previous year.

The Cabinet Lead Member highlighted that a lot of recommissioning with external providers had been carried out in order to produce savings. However, investing in prevention schemes resulted in savings in the long term for Public Health and the NHS therefore it was counter-productive to cut core services. The implementation of Integrated Care Systems would result in more partnership working between the NHS, Local Authorities and other stakeholders and it was hoped this would result in more sharing of funding as well.

Arising from discussion, the following points were noted:

(i) No growth bids were expected for 2022/23 though there were expected to be some cost pressures for example the increase in NHS salaries. Concerns were raised by members that the MTFS did not take into account increased pressures such as population growth and in response some reassurance was given that when commissioning external providers increases in cost pressures such as population growth were built into the contract and forward modelling.

(ii) Increased pressures arising from the Covid-19 pandemic were being funded from the Contain Outbreak Management funding of £3.0m, not the main Public Health budget.

(iii) In response to concerns raised as to how the Joint Health and Wellbeing Strategy would be delivered if there was no growth in the Public Health budget, it was explained that only part of the Strategy was about Public Health service delivery and much of it was about policy making and wider measures that could be taken across the County to improve the health of the population.

(iv) In response to a request from a member for more outputs to be included in the MTFS report so members could understand what was being achieved as a result of the Public Health budget, the Director of Public Health confirmed that the department did monitor outputs through departmental management meetings and this information would be publicised as part of the forthcoming Public Health Strategy. The Health and Wellbeing Board also had a role to play in monitoring whether sufficient funding was being invested in prevention strategies in Leicestershire.

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 31 January 2022.

Leicestershire County Council

HIGHWAYS AND TRANSPORT OVERVIEW AND SCRUTINY COMMITTEE 20 JANUARY 2022

MEDIUM TERM FINANCIAL STRATEGY 2022/23 – 2025/26

MINUTE EXTRACT

Medium Term Financial Strategy 2022/23 – 2025/26

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 2022/23 to 2025/26 Medium Term Financial Strategy (MTFS) as it related to the Highways and Transport side of the Environment and Transport department. A copy of the report marked 'Agenda Item '9' is filed with these minutes.

The Chairman welcomed Mr. O. O'Shea CC, Cabinet Lead Member for Highways and Transport, to the meeting for this item.

Arising from discussion, the following points were noted:

Growth

(i) The largest growth item was Special Educational Needs (SEN) transport with £1.2 million to be spent over the base budget rising to £5.15 million by 2025/26. In Leicestershire approximately 2,500 children were using SEN transport and the costs amounted to one third of the whole Highways and Transport budget. Some children needed escorts or medically trained escorts, and some children were unable to be transported with other children due to behavioural issues and therefore required solo transport which were some of the reasons why the transport was so costly. Currently the County Council's own fleet was used to transport some of the children and consideration was being given to whether the fleet could be used more in the future rather than via private taxi contracts. One of the challenges for this approach was that the children for a particular educational setting could reside far away from each other and therefore it would be difficult for them to share the same vehicle without having to spend too long in the vehicle. Members were of the view that closer scrutiny needed to be given to SEN transport and in particular consideration needed to be given to whether the County Council was the appropriate organisation to fund all the SEN transport costs.

(ii) Whilst the use of Hydrotreated Vegetable Oil (HVO) was a growth item with an up front cost of 0.06 million it had the benefit of reducing the Council's use of diesel fuel and therefore the fleet's emissions.

(iii) Highways maintenance work came under both the revenue and capital elements of the budget. The Department for Transport had given indicative allocations for Highways maintenance for 2022/23. Over the past few years the allocation had been very similar each year and when inflation was taken into account this meant a reduction in real terms.

Other factors influencing MTFS delivery and other funding sources

(iv) There were concerns about the future viability of the public transport market and in particular that bus operators would cease to run some services. The Bus Recovery Grant had been set up to support commercial bus operators due to the impacts of the Covid-19 pandemic on patronage however this scheme was due to end shortly. The County Council was intending to write to the Department for Transport asking for the Grant to be extended for a longer period of time.

Capital Programme

(v) In response to a question from a member in relation to Zouch Bridge it was explained that the setting up of toll gates on highways required specific legislation and there were no plans for tolls in Leicestershire.

(vi) The Capital Programme for the MTFS period 2022/23 - 2025/26 allowed for £152.15million to deliver major infrastructure schemes including Advanced Design Programmes worth £12.10. These Programmes included feasibility work for large projects as well as cycling and walking initiatives.

(vii) Some of the costs of diverting traffic away from Melton Mowbray town centre i.e signage had been included in the scheme costs for the Melton Mowbray Distributor Road however additional money would also need to be spent for this purpose and this funding would come from the wider Melton Mowbray Transport Strategy.

(viii) External funding had been received from the National Productivity Infrastructure Fund (NPIF) for two road junctions in Hinckley where Rugby Road met Brookside. In total the project would cost £5 million and £3.5 million of that would come from the NPIF and the remainder from Developer contributions and match funding. The work was due to begin in April 2022.

RESOLVED:

(a) That the report and information now provided be noted;

(b) That the Committee recommends that further scrutiny should take place of the SEN transport budget;

(c) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 31 January 2022.

ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE - 24th JANUARY 2022

MEDIUM TERM FINANCIAL STRATEGY 2022/23 – 2025/26

MINUTE EXTRACT

Medium Term Financial Strategy 2022/23 – 2025/26

The Committee considered a joint report of the Director of Adults and Communities and the Director of Corporate Resources which provided information on the proposed 2022/23-2025/26 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 Mrs. C. M. Radford CC, Cabinet Lead Member for Adults and Communities and Mr. T. Parton CC, Cabinet Support Member, to the meeting for this item.

In introducing the report, the Director advised members that the MTFS had been prepared with the plethora of adult social care reform papers, recently published by the National Government, in mind. This included the Health and Care Bill 2021 which was expected to be enacted before the summer recess.

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

Service Transformation

(i) Improving customer experience and satisfaction was a fundamental ambition of the Department's Strategy. The other ambitions such as building a flexible, talented, motivated workforce and investing in social care accommodation were key to achieving this ambition.

(ii) Members were assured that the improvements the Department intended to make to its digital offer were not intended to replace existing services, but instead provide alternative ways to connect to services. It was recognised that the use of digital services may not be suitable for all service users and that an individual approach would need to be taken. However, as the world progressed there was also a need for the Department to keep pace with the advances in digital technology to ensure service users were prepared for future events such as the 'Digital Switchover' in 2025. Members were reminded that the vast majority of people the Department were in contact with were family members of service users and professionals who were more likely to embrace alternative digital solutions. The Lead Member highlighted that the Covid-19 pandemic had provided many people (including older people) with an opportunity to familiarise themselves with digital communication such as social media.

Proposed Revenue Budget

(iii) In response to concerns regarding the risks and challenges to care providers arising from inflation, the Director confirmed that the largest cost to care providers was workforce costs, so the rise to the National Living Wage of 6.6% would be significant to both care providers and the Council. This along with the other elements of inflation would be something that the Council would need to take a view on at the appropriate time to determine the amounts to apportion to care providers. Members noted that the Department also worked with the adult social care market to agree the levels set were reasonable. Members further noted that care providers were regularly in touch with the Department to provide information on a number of areas such as cost, which was helpful when determining the amounts.

(iv) There were a number of ways that care providers were supported to manage inflation. For example, there were many government grants that had been made available during 2020/21 that were targeted to support care providers with their costs and some more of this type of grant were expected to be confirmed for the year 2022/23. Each Council Department was expected to manage the levels of inflation affecting its own services to minimise impact on corporate inflation contingency, so to help with this an annual review on the standardised uplift rate was taken by the Adults and Communities Department in consultation with an independent advisor. If further funds were required from the central contingency fund then the Department's needs would need to be balanced with other departments, but to date the Department's requirements for inflation had been allocated.

(v) The Chairman highlighted that some of the difficult decisions the Council had made, including the application of the Council Tax Adult Social Care Precept and the efficiency savings the Department had made over recent years whilst maintaining services, had put the Department in a uniquely stronger position to deal with the effects of the pandemic.

Growth

(vi) Members noted with concern that, although adjustments may be required later on, the significant amount of growth anticipated over the course of the MTFS was the single largest growth request the Department had ever put forward. This was largely a reflection of the increased demand and increased costs for care that had arisen since the impact of the Covid-19 pandemic.

(vii) G5 Older People demand – Members noted that for an average year for older people's care it was reasonable to expect an increase to the level of growth of around 1.5%. However, over the last 12 months this had risen to 5%. It was difficult to predict what growth may be experienced over the medium term due to the uncertain impact of the pandemic, and with older people only tending to stay in care for an average of around two or three years there was also a significant turnover rate.

(viii) One of the effects of the changes to the hospital discharge process to relieve the pressure on hospitals was that the number of people being temporarily placed into residential care in Leicestershire had risen by around 75%. It was difficult to say how long people stayed in temporary accommodation as each case varied and presented different challenges. Though, to avoid conditions becoming worse and in the interests of maximising independence, the Department worked to arrange the appropriate care package during the first four weeks (funded by the NHS) upon discharge wherever possible. The Director undertook to provide further information to Committee members to confirm the average length of stay for temporary placements outside of the meeting.

(ix) G6 Learning Disability demand – it was clarified that there were a number of reasons for the unusually high amount of growth required for this area. These included:

a. costs of care having risen steeply over the last couple of years;
b. rising building costs affecting the developments of accommodation, which were often bespoke in design;
c. the Council had a robust strategy in place with Health partners for the Transforming Care Programme which was quickly progressing. As part of this, effort was being made to bring those people with complex needs that had been accommodated in hospital for a long period of time at considerable cost to the Council back into the community.

(x) There were fewer suitable accommodation settings available for people with specialist needs meaning it was not always possible for placements to be made 'in-house'. However, such persons were usually able to be placed 'in area' and the Department worked with a number of organisations to achieve this.

(xi) The Director reported an error at paragraph 29 (G8 Physical Disabilities demand). He confirmed that although the detail of this paragraph was a repeat of paragraph 28 (G7 Mental Health demand), the demand for these areas were similar with them both being difficult to predict. This was because they were based on people that acquire illnesses or disabilities rather than people transitioning through from other services.

Savings

(xii) AC10 Review of Direct Services/Day Services/Short Breaks – it was clarified that this area was an efficiency saving and not a service reduction. The process for reviewing each service change made varied depending on the nature, but changes would not be made without obtaining the views of those affected. Reviews would also take place after the event to assess service user satisfaction (for example reviews had been carried with service users temporarily placed whilst the refurbishment of The Trees was carried out and they had chosen to remain where they were) and information was collated to review how the process went. Members were reminded that in addition to the reports the Committee already received relating to service changes reports on the outcomes of such changes could also be provided to the Committee at its request.

(xiii) AC12 Potential additional health income for additional recharges – in response to a comment raised, it was acknowledged that, similarly to other areas of the MTFS, the certainty of future funding for this area was unknown which created an element of risk. However, based on the conversations taking place nationally between local authorities and the NHS, the rise in national insurance contributions and the assumption that the current hospital discharge arrangements would continue, the prediction of funding continuing beyond March 2022 (when the current funding stream was due to cease) was seen as a reasonable expectation.

(xiv) A total of £300m of national funding had been made available to encourage developments of specialist accommodation for people with disabilities. It was therefore hoped that the availability of such accommodation would improve as a result.

Savings under development

(xv) Digitalisation of Service Delivery – it was clarified that the potential savings for this area were currently forecasted to be seen in the latter part of 2022/23 (quarter 4).

(xvi) It was confirmed that the Department already had processes in place to manage data security and permissions in relation to a family member managing care arrangements on behalf of a service user. The only difference with the digital approach was that the services, such as those requiring a form to be completed, would be accessed via digital means rather than in paper form. Key was obtaining consent from the service user (or power of attorney where this was in place).

Other funding sources

(xvii) The funding expected to be received (in 2022/23) from the Skills Funding Agency (SFA) to continue to fund the Adult Learning Service would show in the budget as a zero balance because the funding, once received from the agency, would be spent in its entirety. Members were reminded that, other than some non-educational courses that the Council charged individual service users for, the SFA funded the entire Adult Learning Programme.

Capital Programme

(xviii) Some concern was raised that a number of the District Councils had not been spending their Disabled Facilities Grant (DFG) monies due to the Covid-19 pandemic. The Director confirmed that although the Council worked with the District Councils to prioritise areas of spend, the responsibility for following the conditions attached to the DFGs fell with the District Councils. Members were advised that the Government was looking at ways to build in more flexibility to the process to allow housing authorities to decide how the monies should be spent. The Chairman highlighted the need for local members to lobby MPs to improve the process. He added that the impact of the pandemic on building works and the assessments usually carried out in people's homes were significant to why the monies had not been spent.

RESOLVED:

(a) That the report regarding the Medium Term Financial Strategy 2022/23 - 2025/26 and the information now provided be noted;

(b) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 31 January 2022;

(c) That the Director be requested to provide further information regarding the average length of temporary residential placements outside of the meeting.

CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY COMMITTEE
25 JANUARY 2022

MEDIUM TERM FINANCIAL STRATEGY 2022/23 – 2025/26

MINUTE EXTRACT

Medium Term Financial Strategy 2022/23 – 2025/26

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 2022/23 to 2025/26 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) Demand for children and family services continued to increase with growth of £25m projected. In response to the pressures, the department had embarked on four main programmes of work – the High Needs Development Programme, Defining Children and Family Services for the Future (DCFSF), the Children's Innovation Partnership and departmental efficiencies. It was acknowledged that further work was still required, but the department now had new ways of working to respond to the ongoing pressures and to continue to create a more efficient service.

Proposed Revenue Budget

ii) The total gross proposed budget for 2022/23 was £703.1m, which included £482m Dedicated Schools Grant budget. The proposed net budget for 2022/23 totalled £90.5m. The largest cost to the budget was children in care and it was queried whether a breakdown could be given of how this was spent. The Director of Children and Family Services confirmed that the majority related to placement costs with a proportion also relating to staffing. A breakdown was available of how many children were in different placements and the associated costs; the number of children in care, the total costs and the average unit costs were tracked and this would be circulated to members of the Committee.

iii) A member raised the point that growth over the next four years was not just about demand but also related to meeting the complexity of needs. It was queried whether the demand could be met due to the current high level of strain on services. In response, the Director stated that the department had a number of statutory requirements that needed to be met. The growth projections incorporated the increase in demand for services, particularly relating to children in care. The department was also considering other areas where demand could be reduced.

iv) It was raised that an increase in demand for services could lead to an increase in the demand for social workers. A question was raised around the impact that this would have on the County Council in recruiting appropriate staff. The Director responded that there had been a projection for the need for more social workers. Recruitment and retention of social workers was a national issue and the County Council had undertaken lots of work to consider how it might attract staff and ensure that they remained with Leicestershire. The department's Recruitment and Retention Strategy set out plans to address this.

Growth

v) Growth over the next four years totalled £25.1m. The majority of the growth requirement related to continued increases in demand and the complexity of needs for children's social care services which culminated in increased placement costs and the need for more social workers.

vi) It was noted that G1 – Social Care Placements – should read £2.265m in 2022/23 rising to £19.25m by 2025/26. The budgeted growth over four years assumed a 5% increase due to the significant work undertaken within the department with the DCFSF programme. These had been projected based on the number of children expected to be in care and the type of placements. Average unit prices for placements had also seen an increase, with a number of factors affecting this. As mitigation, placements and the costs were continuously reviewed within the department. Further investment was being made to build Leicestershire County Council owned residential homes as part of the Children's Innovation Partnership.

vii) In relation to G2 – Front Line Social Care Staff – Increased Caseloads – investment in additional front-line social care staff capacity was required. The growth was based on the number of social workers and support staff required to support the number of projected contacts and children. It was noted that the use of agency staff would still be needed.

viii) £5.6m had been budgeted to employ more social work staff to support the growth in demand. However, it was queried whether the proposed growth for the social care staff market premia (G3) should be increased in order to retain existing staff and prevent them from moving to a different local authority which may pay a higher salary. The Director commented that the market premia was one of many initiatives being undertaken as part of the

Recruitment and Retention strategy. Whilst it was known that a salary which compared well with other regional local authorities was desirable, Leicestershire offered a range of other features to encourage the retention of its staff, for example training and development, good supervision and manageable caseloads.

Savings

ix) Proposed savings for the local authority budget totalled £3.77m in 2022/23 and £14.5m over the next four years in total. Additionally, 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. In order to achieve this, cost reductions of £25.8m were required over the period of the MTFS.

x) The DCFSF Programme (CF1) was expected to realise total annualised benefits in excess of £13m. Positive early indications had been seen in the current financial year resulting in an underspend of approximately £2m against the budget.

xi) The financial benefits from the Children's Innovation Partnership (CF4) were expected to be seen from reduced placement costs and social worker resource. A comment was made that it had previously been necessary to place children out of county in very expensive settings, and it was asked whether the profile had changed so that children were now placed in more local settings. The Director stated that a change in the type of placements was being seen and fewer children were placed a long way away. Primarily, where children were placed out of Leicestershire, it was because the placement met their needs. It was noted that there was a national challenge in securing placements along with an increased cost of placements for children.

xii) There were currently 57 young people in residential care, with the majority having more complex needs. Key pieces of work were in place to consider the appropriateness of residential care, particularly as there had been a significant cost increase. Assurance was given that the department had clear ownership of its children in residential care and understood their needs to ensure that no child remained in residential care where it was not appropriate. Clear trajectory plans were in place to take children out of care when possible and it was also stated that there had been an increase in younger children in residential care due to their complex needs. The Lead Member for Children and Families commented that there had been a shift in the department's work undertaken with partners to better support children and avoid residential placements where possible.

xiii) A member questioned whether there had been an increase in foster caring, and it was reported that part of the work of the DCFSF programme had been to increase the utilisation of in-house foster care provision and this was now being seen. Bespoke campaigns had been undertaken to increase the number of foster carers who would take teenagers due to an increase in the number of 15/16 year olds entering care. Consideration was also being given to a greater use of kinship care and the benefits of looking beyond foster care were beginning to be seen.

xiv) To date, around £1m departmental efficiency savings (CF5) had been identified. Further savings were currently being identified. As the DCFSF programme new ways of working were embedded, further analysis would be undertaken to identify potential new opportunities to take forward in a number of areas.

Dedicated Schools Grant (DSG)/Schools Block

xv) The DSG remained calculated in four separate blocks – the Schools Block, Central Schools Services Block, High Needs Block and Early Years. The estimated DSG for 2022/23 totalled £605.3m. The 2022/23 MTFS continued to set the overall Schools Budget as a net nil budget at local authority level. However, there was a funding gap of £9.1m on the High Needs Block which would be carried forward as an overspend against the grant.

xvi) In relation to the Schools Block, the DfE had further stated its intention to move to a 'hard' National Funding Formula (NFF), whereby budget allocations for all schools was calculated by the DfE. For 2022/23, funding remained a 'soft' school funding formula whilst the outcome of consultation was awaited.

School Funding Formula

xvii) Despite an overall increase in the minimum amount of funding per pupil, a number of Leicestershire schools remained on the funding floor and could experience a real term decrease in income. Schools with a decrease in pupil numbers would see an overall decrease in budget allocation. It was possible for local authorities to transfer up to 0.5% of the Schools Block DSG to High Needs following consultation with schools and with the approval of the Schools Forum. Consultation had been carried out with schools on two options for a transfer, with the majority disagreeing. A request to the Secretary of State for approval of the transfer had also not been approved.

High Needs

xviii) The High Needs DSG was £94.7m, which was an increase of 14%. The forecast position was highlighted although the financial plan would be subject to change following the findings of diagnostic work currently being completed by Newton Europe. These findings would be reported to the Committee.

xix) The provisional Early Years Block settlement was £36.1m; the final allocation would not be confirmed until June 2023. Although there had been an increase in the hourly rate, Leicestershire remained on the funding floor and received the lowest rate of funding.

Capital Programme

xx) The proposed Children and Family Services capital programme totalled £94.1m, the majority (£89.1m) for which external funding was expected. The programme continued to focus on the delivery of additional school places and additional places to support the High Needs Development Plan.

xxi) A capital investment budget envelope of £2.5m had previously been included in the MTFS to develop and assessment hub and multi-functional properties to create in-house capacity to provide placements at a lower cost. This was progressing well and the next phase in the Residential Design Brief was to source a further four properties to create additional residential capacity up to a total of £1.9m.

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 31 January 2022.

ENVIRONMENT AND CLIMATE CHANGE OVERVIERW AND SCRUTINY COMMITTEE - 26 JANUARY 2022

MEDIUM TERM FINANCIAL STRATEGY 2022/23 - 2025/26

MINUTE EXTRACT

Medium Term Financial Strategy 2022/23 – 2025/26

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 2022/23 to 2025/26 Medium Term Financial Strategy (MTFS) as it related to waste, the environment and the green agenda. A copy of the report marked ‘Agenda Item ‘10’ is filed with these minutes.

The Chairman welcomed Mr. N. Rushton CC, Leader of the Council, to the meeting for this item.

The Committee was advised that there was an error in the numbering of some of the savings items within the report and the appendix, but that the references within the table to the title of each saving were correct and comparable.

Arising from the discussion the following points were noted:

Growth

i. Conversion of the County Council’s diesel fleet to Hydrotreated Vegetable Oil would significantly reduce carbon emissions from the fleet. The Committee was assured that the change would be done in a managed way to ensure resilience against any unforeseen circumstance, in the new financial year, subject to approval of the MTFS by Full Council.

ii. Following the increase in kerbside collected waste as a result of the pandemic, it was queried whether there was a corresponding decrease in commercial waste. In response the Director informed the Committee that while the County Council was not responsible for commercial waste, it did handle a low level through its waste transfer stations. It was noted that commercial waste in that regard had recovered. The Department would look to capitalise on any opportunities available to it.

Savings

iii. Through a contract renewal the existing contract for disposal of wood had been renegotiated which delivered £0.4million of savings.

iv. The Authority had struggled for a number of years with its waste disposal resilience following the closure of the Cotesbach Mechanical Biological Treatment facility, that left it without a local all-weather solution to dispose of its waste, i.e. if a landfill site was closed due to high winds. This meant the distance needed to travel to redirect its residual waste could be greater. This would be managed through the reletting of contracts and Bardon Waste Transfer Station which would provide further resilience and increased holding capacity additional to Whetstone and Loughborough Transfer Stations.

v. The Director assured Members that the Department remained committed to progressing reuse initiatives as part of its Recycling and Household Waste sites service approach. It was noted progress had stalled as a result of staffing and market issues related to the pandemic, but that infrastructure had been put in place at some sites to facilitate it. Prior to the pandemic the item had been profiled over six years to achieve £200,000 income, however the business case would need to be refreshed and the savings reprofiled as the market recovered.

<u>Capital Programme</u>

vi. It was clarified that, in relation to the Kibworth site redevelopment, the total scheme cost was £5.5million, a portion of which had already been funded, with the remaining £2 million set out within the Capital Programme for 2022/23. The Site was expected to open Autumn 2022.

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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 31 January 2022.

Leicestershire County Council

SCRUTINY COMMISSION – 31st JANUARY 2022

MINUTE EXTRACT

Medium Term Financial Strategy 2022/23 – 2025/26

The Commission considered a report of the Director of Corporate Resources which provided information on the proposed 2022/23 – 2025/26 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 L. Breckon CC, to the meeting for this item.

The Director of Corporate Resources in introducing the budget highlighted the following:

- The Council was in a slightly improved position following the Local Government Finance Settlement announced in December. This had reduced the shortfall in 2023/24 from £11.5m to £7.9m, making it more manageable, though some tough decisions would still be required to bridge that gap.
- The key pressures over the last five years had centred around Social Care, Special Educational Needs and the capital programme. Added to those this year were rising inflation costs and the adult social care reforms, Government funding for which was likely to be inadequate.
- Whilst a review of fair funding had been announced in the Local Government Finance Settlement, nothing further had been done about this as yet. This had not therefore been factored in as part of the current MTFS. Pressure continued to be applied on the Government to take this forward, but there was concern that the review would be more limited in scope than the Council hoped for.

The Leader welcomed the increased funding allocated by the Government (i.e. Improved Better Care Fund, Social Care Grant and Services Grant) which had improved the Council's position for the coming year. He highlighted that ordinarily a balanced budget for the first two years of the MTFS could be presented. However, this had not been possible this year. Whilst assurance was provided that the gap could be bridged, the Leader agreed this would require some difficult decisions to be made, highlighting that the Council had already delivered significant savings over a number of years. The Council had been prudent and maximised its opportunities to raise revenue funding by increasing council tax and whilst difficult, it was recognised that this was necessary to help manage the cost pressures faced. The Leader assured members that the Council would continue to pursue fair funding.

Arising from discussion, the following points were made:

MTFS Summary and changes to the Revenue Budget

(i) A member commented on the degree of risk in the new MTFS which had been demonstrated through the discussions at each overview and scrutiny committee. The Director assured members that detailed analysis of the key risks faced had been undertaken and this would be detailed in the report to the Cabinet along with details of the contingencies being put in place to address these. The Leader commented that it was clear in preparing this budget that the Council faced greater risks over the coming four years than it had faced over the last 10, but said he was hopeful that some, for example, around business rates reform, fair funding and the County Deal, could ultimately benefit the Council for the future.

(ii) Concern was raised about the lateness of the receipt of the Local Government Finance Settlement which it was agreed was unhelpful and made it difficult for local authorities to properly budget. The allocation of funding for only one year added to this difficulty. As the Council had resolved to produce a four year MTFS, it had to rely on estimates and forecast as best it could over that period, but this added to the uncertainty of future years and limited its ability to plan and manage risk.

(iii) A member commented that this was a sound MTFS as far as it could be provided for. It was recognised that it was extremely difficult to predict four years ahead but felt reassured that officers and Lead Members recognised the pressures and would address these head on. The Council was well run and despite being so low funded, was in a good position.

(iv) Whilst the Services Grant for 2022/23 was welcomed, the Government had made clear that, given the planned funding review, this might not continue beyond next year. It was noted that a total of £822m had been made available nationally, but that the Council had only received a small percentage (around 0.5%). A Member commented that the Council had not received a fair proportion of this funding, or other funding allocated by the Government, (e.g. the Social Care Grant). It was suggested that the allocation had been based on the traditional, outdated formula that continued to disadvantage the Council as a result of it having a reasonable council tax base. This emphasised the need for fair funding. The Lead Member for Resources agreed and emphasised the need for all political groups to continue to pressure the Government to address this.

(v) A member questioned whether council tax receipts would likely be affected over the coming year as household incomes were squeezed because of, for example, increased fuel costs and rising national insurance contributions. Members noted that whilst collection rates might fall a little, it was not expected that this would be significant. Council tax receipts were often resilient and were not overly affected by such external pressures. The Lead Member said it was recognised many residents would be experiencing difficulties as the cost of living increased and the Council would continue to deliver services to them as effectively and efficiently as possible.

(vi) Regarding the New Homes Bonus Grant members noted that the Government had suggested that this would not continue beyond next year. Therefore, whilst the Government's response to the consultation was still awaited, the MTFS had been prepared on this basis.

<u>Corporate and Central Items</u>

(vii) Inflation – A member challenged the estimates included for running cost inflation in future years and questioned, given the expectancy that this will rise, whether that allocation was too optimistic. The Director said based upon continued increases seen in inflation over the last few months, there was a real risk that the provision could be too low. Contracted prices would provide some protection and spread increases over future years. However, it should not have a too significant effect on the budget, as running cost inflation had a relatively small impact compared to the National Living Wage and pay awards.

(viii) Ways of Working Programme – Members noted that as the Programme was rolled out and officers began a hybrid working approach, this would free up office space at County Hall. A member questioned whether any cost analysis had been undertaken to determine the best use of the campus i.e. whether to rent or sell parts of this. The Director advised that discussions were being held with partners with the aim of renting out space no longer needed which would generate an income for the Council. The Leader commented that there was no intention to sell any part of the County Hall campus and that the preference would be to maximise its use and generate a good income through renting.

<u>Adequacy of Earmarked Funds and Robustness of Estimates</u>

(ix) Health and Social Care Integration – Members noted that it had expected that an Integrated Care System would be introduced in April though the legislative timetable had been delayed. As part of this the three CCGs (Clinical Commissioning Groups) would be merged into one. As expected, the biggest issue currently facing the County Council was hospital discharges and pressures on adult social care. However, the Chief Executive assured members that the Council was well placed given how well it worked locally with NHS partners. Members noted that a briefing would be provided for all members the following day on this issue and all were encouraged to attend.

(x) Budget Equalisation Fund – It was noted that the money allocated to this Fund came partly from contingencies made, but not used this financial year, and partly from the Council's revenue budget. It was acknowledged that the creation of this Fund contributed to the financial gap in savings required to be made. However, the Director explained that whilst this might appear counterintuitive, it was necessary for the Council to allocate money for the increasing SEND deficit; the Fund would equal that deficit by the end of the MTFS.

<u>Capital Programme 2022/23 – 2025/26</u>

(xi) Prudential borrowing – Members noted that whilst historically the Council had been against borrowing, the position had now shifted and this might prove necessary to deliver the capital programme. The Director emphasised, however, that this would come down to affordability. The Leader confirmed that the key issue to consider would be the revenue consequences of the borrowing. If it could be afforded and the Council was looking to borrow for the right reasons, e.g. an invest to save scheme, then prudential borrowing would now have to be considered.

<u>Funding and Affordability</u>

(xii) Forward Funding – A member emphasised the risk to the Council's capital programme arising from the need to forward fund schemes necessary to support developments detailed in district council local plans. Whilst a single agreement with all district councils could not be reached, the Chief Executive assured members that all parties had agreed to move forward on an individual basis and that constructive discussions were being held with districts including Charnwood, Blaby and North West Leicestershire. The Director advised that each area and each project differed in terms of need and risk and therefore a series of agreements would likely be needed. The Director further emphasised that the Council was heavily dependent on district councils to secure the section 106 developer contributions needed to deliver its capital programme.

(xiii) External debt – The Council's current external debt was low compared to many other authorities. The Council had repaid significant amounts of debt over the last decade. The possibility of generating savings through repaying more of this debt was also looked at regularly. However, this could be expensive due to penalties applied and so there was little scope to repay more at the current time.

<u>Changes to the Capital Programme 2022 - 2026</u>

(xiv) In response to a question raised, the Director clarified that the £8m balance referenced in paragraph 78 of the report was different to the £8m allocation from the Covid reserve for Highways Investment that was included in the December Cabinet report.

(xv) It was noted that the allocation of funding for the Members Highway Fund had been made in the current financial year (2021/22) for a period of two years and that no further funding had been allocated for this in the new MTFS.

Corporate Asset Investment Fund (CAIF)

(xvi) The CAIF made a meaningful contribution to the Council's revenue budget. This was therefore a positive policy to make the best use of the Council's resources and assets.

(xvii) Members noted that whilst primarily investments were made in County, as these also provided an economic benefit. However, investments were made out of County where these were considered appropriate and worthwhile. This helped maximise the use of the Fund and ensured diversification to manage risk.

(xviii) In response to a question raised the Director confirmed that the CAIF would be funded from the Council's own resources and did not require any borrowing. Members were informed that a report on the performance of the Fund would be presented to the Commission in the Autumn.

(xix) Whilst independent advisers had suggested that entry into the residential markets might be advisable, the Council had decided against this at the current time. Whilst a good investment from a property point of view, there was concern that increased exposure to residential market risk would not be appropriate for the Council.

RESOLVED:

(a) That the report and information now provided be noted;

(b) That the comments now made be submitted to the Cabinet at its meeting on 11th February 2022 for consideration.

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 2022/23 – 2025/26 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, Mrs D. Taylor CC, the Deputy Leader and Lead Member for Regulatory Services, and Mrs P. Posnett CC the Lead Member for Communities, to the meeting for this item.

Arising from discussion and questions the following points were raised:

Growth

(i) Growth Service – The role of the Service had developed over time and it now delivered across five key areas of activity. The Growth Unit itself engaged with growth locations across the County and supported work on issues such as the Freeport and the main sustainable urban extensions across the County. It had a strategic planning role that linked with the Strategic Growth Plan and the work of the City and County Member Advisory Group, and it contributed to work on district local plans, coordinating the County Council's work on infrastructure provision and the relationship between the two. It also managed the Superfast Leicestershire Broadband Programme, included the economic growth team that liaised with the LLEP and other organisations around economic funding, and also now co-ordinated the Council's activity to deliver its climate change and net zero carbon aspirations.

Savings

(ii) Legal Case Management and New Ways of Working – An operational review was being undertaken of the Council's external legal spend which related to the need to seek Counsel's advice from time to time and when legal work had to be externalised due to a lack of internal resource or expertise. It was accepted that this was more costly than delivering the service in house and work was therefore being undertaken to determine how this could be avoided for the future. It was noted that this was separate to the wider Ways of Working Programme being rolled out across the Authority.

(iii) Local Government Association (LGA) Subscription – In response to a question on whether the Council resigning its membership of the LGA had negatively affected its influence of ministers and work with other authorities, the Leader advised that there had been no impact and that he still had good relationships with, and was still involved in discussions on key issues with both. The decision to withdraw its membership was, in his view, sound given the outcome and the financial pressures faced by the Council.

External Influences

(iv) Levelling Up White Paper – In response to a question the Leader said that this was still awaited and whilst it was hoped that County Deals would be included within the White Paper, this was not yet certain.

(v) Coroners and Registrars – It was questioned whether it was possible for the Council to recharge for such services given the increase in demand. Members noted that the coroner's service was a statutory service and so could not be recharged. The Council was, however, looking to merge the two coronial areas (South Leicestershire and Leicester (currently managed by Leicester City Council) and North Leicestershire and Rutland (managed by the County Council) following the retirement of the Coroner for the latter. Registrar services were charged for and where possible a 10% increase in fees would be introduced in April 2022.

(vi) Shire Community Solutions Grants – Members noted that these grants were very popular and often oversubscribed. Applications were assessed closely and unfortunately due to funding limitations, not all projects could be funded fully. The Council sought to ensure the grants supported long term projects where possible. Members acknowledged that the grants helped to support communities which in turn reduced the need on the County Council. The Lead Member for Communities undertook to consider with the Leader and the Chief Executive whether some additional funding could be added to the Leicestershire grants programme. It was recognised that for little money the projects supported provided great benefit both to the Council and its communities.

RESOLVED:

(a) That the report and information now provided be noted;

(b) That it be noted that the Lead Member for Communities would consider, in consultation with the Leader and the Chief Executive, the allocation of additional funding for Shire Community Solutions Grants;

(c) That the comments now made be submitted to the Cabinet for consideration at its meeting on 5th February 2022.

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 2022/23 – 2025/26 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 L. Breckon CC, to the meeting for this item.

Arising from discussion and questions the following points were raised:

(i) Customer Service Centre (CSC) – Members noted that the budget for the CSC was not being reduced. However, some temporary growth previously added to address the introduction of hidden disabilities to the blue badge scheme and other similar pressures was now gradually being removed. The Director reported that a significant programme of work was being undertaken to make the Council's digital access channels more efficient. Residents accessing services digitally had increased significantly in some areas from 50% to 96%. Flexible staffing arrangements were being implemented to target peak times and automation projects were being increased and improved.

(ii) A member asked if the Council had considered the use of an App to make it easier for residents wanting to access the Council digitally. The Director advised that these were considered but evidence suggested that due to the nature of engagement with residents by the Service, which was often transactional at a point of need, the development of self accounts was considered the best way forward. Members noted that whilst many wished to access the Council via their phones, this was more on an as need basis which meant an App was not particularly suitable. The situation would, however, continue to be reviewed each year.

(iii) Investment in Tree Nurseries – The Director explained that in line with the Council's commitment to plant 700,000 trees, it was beginning to explore the potential to run its own tree nursery either on its own land or perhaps in conjunction with the National Forest. There was potential to turn this into a commercial venture as there was a national shortage of native saplings. It would also help the Council's biodiversity and address issues with Ash Die Back. Members noted that the £100,000 allocation in the MTFS was a notional figure at this stage whilst the business case was being developed.

RESOLVED:

(a) That the report and information now provided be noted;

(b) That the comments now made be submitted to the Cabinet at its meeting on 11th February for consideration.

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) 2022/23 – 2025/26 as related to the County Council departments. A copy of the minute extracts is filed with these minutes.

RESOLVED:

That the comments now made be submitted to the Cabinet for consideration at its meeting on 11th February 2022.