Leicestershire County Council

SCRUTINY COMMISSION – 9TH NOVEMBER 2022

2022/23 MEDIUM TERM FINANCIAL STRATEGY MONITORING (PERIOD 6)

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of the Report

1. To provide members with an update on the 2022/23 revenue budget and capital programme monitoring position as at the end of period 6 (the end of September) and an update on the approach to reviewing County Council property assets.

Policy Framework and Previous Decisions

2. The 2022/23 revenue budget and the 2022/23 to 2025/26 capital programme were approved by the County Council at its budget meeting on 23rd February 2022 as part of the Medium-Term Financial Strategy.

3. The four-year capital programme was reviewed in August 2022 and an updated programme approved by the Cabinet 16th September 2022.

Background

4. The period 6 revenue budget monitoring exercise shows a net projected overspend of £8.5m.

5. The period 6 capital programme monitoring exercise shows a projected net slippage of £11.1m compared with the updated 2022/23 budget.

6. The monitoring information contained within this report is based on the pattern of revenue and capital expenditure to the end of September 2022.

2022/23 REVENUE BUDGET MONITORING – PERIOD 6

7. The period 6 revenue budget monitoring exercise shows a net projected overspend of £8.5m. A summary of the position on the revenue budget is shown below and set out in more detail in Appendix A.

REVENUE BUDGET MONITORING STATEMENT
FOR THE PERIOD : APRIL 2022 TO SEPTEMBER 2022

	Updated Budget	Projected Outturn	Difference from Updated Budget	
	£000	£000	£000	%
Schools Budget – Schools and Early Years	0	(420)	(420)	
Schools Budget – High Needs	0	8,970	8,970	
Net Total	**0**	**8,550**	**8,550**	
Children & Family Services (Other)	93,241	96,061	2,820	3.0
Adults & Communities	183,334	183,914	580	0.3
Public Health	(1,446)	(1,446)	0	0.0
Environment & Transport	88,388	89,038	650	0.7
Chief Executives	13,409	13,089	(320)	(2.4)
Corporate Resources	36,060	37,350	1,290	3.6
Capital Financing	22,000	21,700	(300)	(1.4)
Contingency for Inflation	6,826	16,426	9,600	140.6
Other Areas	6,614	864	(5,750)	(86.9)
Contribution to budget equalisation earmarked fund	22,290	22,390	100	0.4
Contribution to General Fund	1,000	1,000	0	0.0
Total	471,716	480,386	8,670	1.8
Funding	(471,716)	(471,906)	(190)	0.0
Net Total	0	8,480	8,480	

8. The key projected variances that have been identified are set out below. Further details of major variances are provided in Appendix B.

Children and Family Services – Schools Budget

9. Overall an overspend of £8.6m is forecast on the Dedicated Schools Grant (DSG). This is made up mainly of overspends of £9.0m on the High Needs Block and £1.3m on the Early Years Block, offset by an underspend on the Schools Block from schools growth (£1.7m) which will be retained for meeting the costs of commissioning school places in future years.

10. The High Needs Block is projected to overspend the grant received by a net £9.0m in 2022/23 and is in line with the forecast included within the original MTFS. Nationally, concern over the impact of Special Educational Needs and Disabilities (SEND) reform on

High Needs expenditure, and the financial difficulties this exposes local authorities to, is growing. Whilst the recently released Green Paper is set to result in systemic changes to the national SEND system, such changes may take a number of years to deliver and none appear to address the funding issues.

11. Leicestershire has been invited into the Department of Education's (DfE) Delivering Better Value (DBV) in SEND programme as a result of the deficit. At the end of 2022/23 the accumulated High Needs deficit is forecast at £39m. Leicestershire has been invited by the DfE to apply for grant funding of £1m to support the transformation of the SEND system with the application to be submitted shortly. The Transforming SEND in Leicestershire (TSIL) programme is mobilised and is supported by colleagues across the Authority and by an external strategic partner, Newton Europe, (independent consultants appointed by the Council); this programme and the DBV programme will be closely aligned. Discussions have taken place with the DfE regarding the strategic partner and funding. Whilst the cost of the strategic partner cannot be charged to DSG the investment in TSIL is recognised as a key step in reducing the deficit and as such would be taken into consideration if there was a call on the County Council to contribute to the deficit reduction, as has been the case for authorities with even more serious deficits.

12. Without new interventions the high needs block deficit is forecast to continue to increase over the MTFS period and is not financially sustainable. This creates a significant and unresolved financial risk to the Council.

13. The Early Years budget is showing an overspend of £1.3m. The budget is based on the number of hours used by the DfE to calculate the original 2022/23 Early Years grant income in December 2021. The 2022/23 Early Years grant income was increased in July 2022 by £1.4m to allow for the Spring Term 2022 census. The forecast hours paid to Providers for 2022-23 are £2.7m more than the budget, leading to a net £1.3m overspend. However, the 2022/23 Early Years Grant income will be retrospectively adjusted in 2023/24 to allow for the hours paid in Spring 2023, and it is anticipated that this adjustment will clear the £1.3m deficit accounted for in 2022/23

Children and Family Services – Local Authority Budget (Other)

14. The Local Authority budget is projected to overspend by a net £2.8m (3%), mainly relating to a projected overspend on the Children's Social Care Placement budget (£1m), and social care staffing budgets (£0.9m).

15. Whilst overall Looked After Children (LAC) numbers for Leicestershire for 2022/23 appear to be in line with budgeted numbers, reflective of LAC increases of 5% and subsequent projection of 730 LAC at the end of financial year compared with 695 LAC at the beginning of the financial year, the placement mix is projected to be different compared with the budgeted position causing the £1m forecast overspend. This is driven largely by a significant increase in the last quarter of 2021/22 of complex needs placements for older children, with some requiring high levels of care and support resulting in higher than the average cost for some placement provision. For example, current projections within the 16plus placement budget include placements at a weekly

cost of £6,000 plus, four times higher than the average cost of 16plus placements, and a significant contributing factor for the current projected overspend position.

16. Related to residential care budget pressures and current challenges is the sustained high demand for parent-baby assessment placements with the increased focus and legal requirement to keep babies with their parents whilst assessments take place. The Council is now mandated by the courts to meet this legal expectation. The higher rate of parent-baby placements has been sustained over the last six months. If this rate continues, this too will have an impact on the MTFS which will continue to be monitored.

17. As part of the actions being taken to mitigate against these financial pressures, the Defining Children and Family Services for the Future programme has several workstreams to enable MTFS benefits to be achieved, alongside the Social Care Investment Programme (SCIP) working in partnership with Barnardo's. This will have a positive impact through the creation of additional capacity for under 16's, over 16's and parent and children places, which should be in place during 2022/23. With increasing demands projected and a market shortage, further investments are planned, subject to the individual business cases and availability of suitable property and staff.

18. Social care staffing teams continue to remain under pressure with a net projected overspend of £0.9m above budget for the current year – largely due to market pressures resulting in increased agency spend. Nationally there is a shortage of qualified social worker staff and this has recently been acknowledged through further work indicating a 6% reduction nationally in applicants to undertake social work training. Further research is showing qualified social work staff do not remain in front line work on average for more than eight years. There is also a growing number of staff moving to agency work, or neighbouring local authorities, for inflated rates of pay. All of these factors and issues are very prevalent within Leicestershire currently and of significant concern operationally. This is despite positive recruitment and retention activities, such as increasing the number of staff undertaking the apprenticeship Social Work course, and Leicestershire paying market premia payments to try to ensure average pay is more in line with similar posts across the region. This has resulted in continued pressures and challenges for social care service budgets in Leicestershire, resulting in the current projected overspend position. The position is after an additional net growth of £2m added to the budget in 2022/23 for increased caseloads.

19. Further current budget pressures include a projected overspend position of £0.2m on the children's social care section 17/23 (child in need) budget, as a result of increased demand for support, impacted also by the current on-going cost of living pressures.

20. The Children and Family Wellbeing Service is also projected to overspend by £0.3m due to the impact of reduced funding levels to support service delivery. In the interim several non-essential established posts have been frozen which subsequently has reduced the extent of the in-year financial impact on the budget. Current re-design work and review of the target operating model is underway to ensure the future operating model is fit for purpose and financially sustainable.

21. The SEN service is projecting to overspend in the region of £0.3m as a result of increased service demand and complexity which has resulted in the need for additional service resource, some of which is having to be met from the agency market, to ensure demand can be managed in the most efficient and effective manner.

22. There is a forecast£0.3m savings shortfall on a review of non-statutory services. Further work is being undertaken to explore the feasibility of converting some of the identified opportunities into budget savings.

Adults and Communities

23. A net overspend of £0.6m (0.3%) is forecast for the revenue budget for 2022/23.

24. There is a continuing financial impact due to Covid-19 on adult social care which includes additional costs for commissioned services and loss of service user income. However, these now appear to be stabilising.

25. The main areas of variance are:

- Residential Care, £1.3m income reduction. As a result of Covid-19 over the last two years the number of chargeable residential service users has declined and charging has been delayed due to funding placements through the discharge process. A review into the processes relating to residential income is taking place to accelerate recovery of income by restating charges.

- Residential Care, £3.3m overspend. The net overspend comprises three elements; firstly additional service users costs mainly due to a high number of short-term care placements following discharge from hospital and additional needs (£1.7m), service users not moving to supported living (£1.3m) partially offset by an underspend on the (separate) supported living budget heading, and costs from service users transferring from children's services (£0.3m) which are more than originally budgeted for.

- Better Care Fund / Other NHS Income, £1.6m loss of income. A total of £6m income was budgeted for from the NHS for additional costs relating to Covid-19 mainly due to hospital discharges. However, current indications are that there will be a £2.5m shortfall in this income (funding for the first quarter of 2022/23 has been agreed and the same is expected to be agreed for the second quarter, to the end of September). Discussions are continuing with the NHS on how they may increase their support to adult social care and review discharge practices. The 2021/22 funded discharge process ended in March 2022. Reviews of service user packages from the discharge arrangements are ongoing, see actions below. The overall position is offset by additional BCF income of £0.9m.

- Homecare, £2.3m overspend. Additional arrears payments from 2021/22 (£0.8m) and an increase in the number of service users and hours of care compared to the budget (£1.5m).

- Direct Payments, £1.7m underspend. A decrease in service user numbers (£0.8m) from the increasing numbers taking a managed Homecare service. An increase in the forecast clawback of unused funds of £0.9m.

- Supported Living, £1.2m underspend. Due to a slowdown in new service users from residential care. This underspend partly offsets the overspend in residential care as a consequence of this delay.

- Community Life Choices (CLC)/ Commissioned Services, net underspend of £1.8m. Underspend from closure of CLC bases following lockdown and the vacancies that are being held.

- Community Income £2.2m additional income for contributions to support learning disability service and from service users.

26. An action plan will continue to be in place during 2022/23 which will focus on:

- reviews of all service users' packages that have commenced or changed since April 2021.
- working with NHS partners to help improve the discharge pathway including reviewing funding arrangements.
- ensure financial and funding assessments are undertaken.
- reviewing internal processes.

27. These costs are offset by a net £1.2m underspend from staffing and other minor variations.

<u>Public Health</u>

28. The Department is forecasting a net underspend of £0.1m which will be transferred to the Public Health earmarked fund.

<u>Environment and Transport</u>

29. A net overspend of £0.7m (0.7%) is reported.

30. Transport is reporting a net £2.9m overspend. Overspends are forecast due to a delay in delivery of the SEN transport lean review (£0.7m); a significant number of contract hand-backs (at contract break points) on SEN transport as operators are unable to continue contracts at agreed prices (£1.2m); increased costs on Mainstream school transport (£0.6m) due to service substitutions following bus operators' inability to recruit drivers; and additional staffing and agency costs (£0.1m). Fewer operational routes for Social Care transport within Fleet Services due to driver and escort vacancies have resulted in an underspend (£0.4m). However, this is offset by a forecast increase in Social Care taxi costs (£1.6m). Concessionary travel reimbursement costs are forecast to be lower than budget (£0.9m) following the decision to make payments based on actual service levels as per DfT guidance and reduction in bus services by operators.

31. Across Highways an underspend of £0.8m is reported arising from vacancies across various teams and additional income from section 38 and 278 fees.

32. There is a net underspend of £1.4m on Waste budgets, relating to continuing market price rises generating increased income for recycling, scrap metal and dry recyclable materials (£1.2m); reduction in composting tonnages due to dry weather (£0.3m); reduced spend on waste initiatives (£0.1m) and vacancies across the service (£0.2m). This is offset in part by an increase in Energy from Waste tonnages (£0.3m). AutoCad license costs has added a small pressure (£0.1m).

Chief Executive's

33. The Department is reporting a net underspend of £0.3m (2.4%) including increased costs of the Coroners Service of £0.2m and underspends due to staffing vacancies across the Department (£0.2m) and increased Registrar's income (£0.3m).

34. The Departmental position includes forecast costs of £1.4m in respect of the establishment of the proposed Freeport. These costs will temporarily be funded from County Council reserves to be repaid from retained business rates generated once the Freeport goes live.

Corporate Resources

35. Overall the Department is forecasting a net overspend of £1.3m (3.6%).

36. The main variance relates to continuing pressures in Commercial Services +£1.8m, which includes recovery from the pandemic and general inflationary pressures, notably within the catering service. Work is underway to increase income and reduce costs, and discussions with some customers are expected to take place through the autumn and winter. Whilst this is expected to deliver improvements in 2023/24 and beyond, the immediate benefits are likely to be limited and still result in an adverse variance for 2022/23.

Central Items

37. Bank and other interest - £5.5m increased investment income. This is mainly due to recent increases in the Bank of England base rate from 0.5% in February 2022 to a forecast average for the year of over 2%. Together with continued high average bank balances, estimated to be around £350m for the year, an additional £5.5m in investment income from treasury management activities is forecast. This position could increase further if the base rate continues to increase during the year. The base rate currently stands at 1.75% with some advisors commenting that it may increase to 2.75% by the end of the financial year.

38. Contribution to the budget equalisation earmarked fund has been increased by £0.1m to match the forecast increase in the DSG High Needs deficit. This is needed due to the cashflow impact of the additional expenditure. The overspend continues to be accounted for against the grant with the expectation that it will ultimately be repaid.

39. Inflation Contingency (£28.8m, unallocated balance £6.8m). The contingency is currently projected to be overspent by £9.6m. The majority of the overspend is related to the pay offer for 2022/23 of £1,925 on each scale point, equating to an average increase of 6.4%. The cost in excess of the provision in the inflation contingency (based on 3%) is around £7m. It is anticipated that Traded Services will be unable to absorb the full impact of the pay offer and that around £1m will need to be met from the central contingency. Running costs are forecast to be higher than anticipated, particularly regarding electricity and gas contracts, where increases of around 100% and 200% respectively have been forecast to occur in the autumn.

40. MTFS Risks Contingency (£8m). At this stage no release of the contingency has been assumed in the projection.

Business Rates

41. Additional Business Rates income of £0.2m is forecast in 2022/23. This is based on the latest information from districts on their Business Rates (National Non-Domestic Rates - NNDR1) forms and forecast section 31 grants.

42. The provisional outturn position of the 2021/22 Leicester and Leicestershire Business Rates Pool shows a Levy total of £13.4m, with the final position expected to be reported in November, after the completion of the external audits. Monitoring of the 2022/23 Pool is being undertaken and shows a forecast Levy total of around £15m.

Overall Revenue Summary

43. At this mid stage of the year there is a forecast net overspend of £8.5m but this is uncertain due to not being able to fully assess the ongoing impact of inflation on the County Council budget. This position will be updated as more information is known during the financial year.

44. The 2022/23 outturn position is planned to be closed by the use of:

- the MTFS Risks Contingency;
- a review of reserves;
- introduction of spend controls; and
- restriction on inflation allocations to areas that could reduce the level of service provision.

CAPITAL PROGRAMME

45. The updated capital programme for 2022/23 totals £124m. This follows a review of the programme undertaken in August 2022 and approved by the Cabinet in September 2022.

46. The latest forecast on the capital programme for 2022/23 shows an overall net slippage of £11m. A summary is shown in Appendix C with details of the major variances provided in Appendix D. The main variances are reported below.

Children and Families

47. The Department is forecasting net slippage of £0.9m. The main variances relate to the SEND Programme.

48. Forest Way School, £0.7m slippage due to delays in agreeing a scheme that is both suitable for needs of the children and affordable in the current climate has resulted in the expectation that the funds will not be spent until the start of the new financial year. Dorothy Goodman School, £0.2m slippage due to preliminary works originally planned to be undertaken during 22/23 have now been pushed back to 23/24, partially due to needing to align works with school closure periods.

49. During October 2022 the Council submitted a bid to the DfE for grant funding to build a new special school, a 90 place aged 10-16 communication & interaction school. The new school is needed to address increasing and continued demand for high need spaces and expensive and unsustainable independent specialist provision. An existing County Council owned site has been identified and build costs are estimated to be around £9m, which if the bid was successful would be funded by the DfE. The County Council will need to fund site preparation costs of around £1.25m which can be funded from the existing SEND capital grant included in the four year capital programme. The Council expects to be informed of the outcome of the bid in early 2023.

Adults and Communities

50. The Department is forecast to be on target to budget.

Environment and Transport

51. The Department is forecasting net acceleration of £2.7m. The main variances are:

- Melton Mowbray, North and East Distributor Road, £2.1m acceleration of spend profile in the existing capital programme. This follows a better understanding of the deliverability on the programme of works after receiving the target price. A separate report on the latest position is elsewhere on the Scrutiny Commission agenda for 9 November 2022.
- A511 Major Road Network, £1.4m acceleration due to increased work on completing the full business case to secure the major road network funding.

- Highways Capital Maintenance, £0.4m slippage. Includes preventative maintenance £0.3m overspend; restorative maintenance £0.3m underspend; street lighting £0.3m slippage; traffic and signals £0.1m slippage.

Chief Executives

52. The Department is forecasting net slippage of £0.4m. The main variances relate to an underspend on the Rural Broadband Scheme Phase 3. This is due to the impact of changes in specification that reduced the overall number of properties to be connected this year.

Corporate Resources

53. The Department is forecasting overall to be on budget. This includes offsetting variances as below:

- Public Sector Decarbonisation Scheme, £0.3m acceleration due to essential roof repairs prior to installing solar panels at Embankment House and additional costs to the thermal store at County Hall.
- Workplace Strategy - End User Device (PC, laptop), £0.2m slippage due to a reprogramme of works as agreed with Ways of Working (WoW) Programme board.

Corporate

54. The programme is forecasting net slippage of £12.6m. The main variances are all within the Corporate Asset Investment Fund (CAIF):

- Oakham, Panniers Way Industrial Units, £5.8m. The Council is no longer proceeding with the proposed purchase.
- Quorn Solar Farm, £3.3m slippage due to delays in completing archaeological surveys on the proposed site. These have now been received and the design is due to be completed. As a result there will be a delay in starting the scheme resulting in slippage of works.
- Lutterworth Leaders Farm, Drive Thru Restaurants, £2.4m slippage. Scheme will be reprofiled due to planning delays.
- East of Lutterworth Strategic Development Area (SDA) (Planning and Preparatory works), £0.9m slippage. Scheme will be reprofiled due to further delays caused by judicial review.
- M69 Junction 2 SDA, £0.5m. Slippage due to continued delays in the local plan process.

Capital Receipts

55. The requirement for general capital receipts for 2022/23 is £2.5m which is expected to be achieved. The latest estimate of receipts is forecast to be £6.9m. This includes one large forecast sale which was profiled to be received in 2023/24 which we are aiming to bring forward into this financial year if possible. The MTFS will be adjusted at the year end if the receipt is achieved in year.

Corporate Asset Investment Fund – 2022/23 Monitoring

56. A summary of the Corporate Asset Investment Fund (CAIF) position as at quarter 2 for 2022/23 is set out below:

Asset Class	Opening Capital Value	Capital Incurred 2022/23	Net Income YTD	Forecast Net Income FY	Forecast Net Inc. Return FY
	£000	£000	£000	£000	%
Office	57,494	0	1,916	3,254	5.7%
Industrial	27,209	0	840	1,564	5.7%
Distribution	454	0	(2)	17	3.7%
Rural	28,575	0	(138)	452	1.6%
Other	4,885	0	83	254	5.2%
Development	36,477	44	(51)	(99)	(0.3%)
Pooled Property	28,016	0	420	830	3.0%
Private Debt[1]	23,684	4,201	126	421	1.6%
TOTAL	**206,795**	**4,245**	**3,195**	**6,692**	**2.9%**

1. Distributions lower this year as new commitment of £20m made in 2021 is in the investment period and as such interest received is reinvested by the manager. The forecast will be re-assessed in quarter 3 with the investment manager.

57. Overall the fund is forecasting to achieve a 2.9% net income return for 2022/23. The direct property portfolio (excluding developments, pooled property and private debt) has a forecast net income return of 4.7%.

58. The directly managed property portfolio is forecasted to perform in line with expectations for 2022/23.

59. The rural sector is currently expected to return around £450,000 net income. Within the other asset class the Car Dealer showroom is the largest holding and contributes the majority of the forecast net income.

60. Pooled property net income is expected to be similar to last year and is forecast to return around 3% from a diverse portfolio comprising of four institutional property manager funds. The private debt investment is invested in a product that is primarily composed of senior secured debt and is highly diversified. Income is forecast to be lower this year owing to repayments of underlying loans last year. Whilst new money has been committed to this asset class the income will likely be below levels until more loans are made and underlying interest payments become payable to the Council. The diversification of underlying loans does, however, offer considerable downside protection to the capital invested.

61. It should be noted that the above table excludes in year capital growth which is assessed annually as part of the asset revaluation exercise and reported in the annual CAIF annual

performance report which was considered by the Scruitny Commission at its last meeting in September.

Corporate Asset Management Plan Update

62. In September 2022, the Cabinet approved the new Corporate Asset Management Plan (CAMP) which sets out the strategy for the forthcoming 4 years for the property assets used to deliver County Council services. Whilst the plan was being compiled during the first half of 2022, the financial context is more straitened since and therefore a period of reprioritisation is required. Nevertheless, any estates strategy such as the new CAMP should still seek to answer the questions - What is the strategic purpose of holding this property, what opportunities does owning or occupying this property mean? And conversely are there any risks? What does the client service/occupier/user need from the property asset?

63. Whether reviews are undertaken on a geographic basis, for example by district areas, or a theme (such as energy or offices), the underlying fundamentals are the same. Namely to provide the right asset, fit-for-purpose, in the right place, to meet current and future needs and further should seek to address these objectives at an operating cost that is affordable. If there are no existing properties that can deliver the objectives of the strategy, then new properties will need to be either acquired or designed and developed and those identified as no longer fit for purpose move to a disposal on the best possible terms.

64. The challenge will take a number of factors including such elements as location, size, operating cost, backlog maintenance, as well as energy and environmental issues and analyse the results to develop a report for each asset and area outlining those properties that are performing well and should be retained and maintained, those that could either be promoted and disposed of or invested in, and finally those where there is no longer any service need or potential development and can be take forward to disposal.

65. To ensure that the right areas are identified, it is proposed that in the first year this will be localities that are not necessarily district boundaries where opportunities across borders might be missed but that this relates to service areas and in particular school 'chains' ensuring that discussions regarding any education land as to how the hierarchy of schools from beginning to end is affected a decision affecting part of it. As such it is suggested that the first area will be to look at parts of Oadby and Wigston and Blaby, around the edge of the City.

66. The Scrutiny Commission suggested to look in detail as to the reasons for the retention of what are termed as non-operational assets. It should be noted that this overarching name includes not only property being brought forward to sell but also in some cases assets that are held in advance of schemes, especially highways where the acquisition can take a number of years to acquire under a Compulsory Purchase Order. On completion of the project the value is negligible as it becomes a public highway. It is proposed to complete these two areas by the end of March 2023.

67. Offices both owned and leased have already been reviewed as part of the Ways of Working programme but will be kept under review. The overall strategy for the county hall campus is progressing to a transition towards a public sector hub that includes a variety of Health colleagues to bring in £1.2m of revenue income which it is hoped can be increased to £1.8m as the programme progresses. The aim of the strategy is to reduce the cost to the County Council of occupying the campus, in line with the reduced occupancy, whilst avoiding the significant capital expenditure and commitment that downsizing to a new office would require.

68. The new CAMP recognises that it exists in a mixed economy of top-down policy and bottom-up need from the occupiers and users of the County Council's properties and puts people at the heart of it, alongside the corporate goals of the County Council. The CAMP ensures that people can work in an environment that makes it easier for them to do their job properly whilst being mindful of the wider corporate objectives. As regards the capital programme that the 2022-2026 CAMP envisaged, these are being reviewed to ensure that those items with the most beneficial impact on either service provision or financially to the County Council are reprioritised.

69. The asset challenge will be reviewed to ensure that the Council is concentrating on those areas where the maximum benefit, maximum savings and maximum capital receipts or income can be secured.

70. £0.75 million of capital receipts has already been received with a further £1.75m expected this year. The County Council is looking to accelerate capital receipts where possible and have a target of some £21m over the following 3yrs. To achieve this, the Strategic Property Services are already working on land and property sales and looking to accelerate capital receipts.

71. Land in Melton Mowbray, Blaby, Stoney Stanton, Hinckley, Quorn and Earl Shilton have been identified and are being worked up through the planning system. Surplus schools sites are also being brought to market in Hinckley, Wigston and Earl Shilton. Operational properties that are no longer of use such as ex-highways depot at Billesdon and former workshops in Coalville are also being disposed of. The Council will also look to bring forward smaller sales such as caretakers' properties which together may provide close to £1 million in receipts.

72. Over the past 5 years the Council has come out of rented properties such as Pennine House in Loughborough and offices at Parkside in Melton - these two properties alone made a revenue saving of in excess of £0.35m per annum and a total of 30 other properties as our estate is rationalised to keep only those properties which are essential for county council business.

73. Looking forward it is expected that the asset challenge will result in more properties coming forward for potential disposal. However, it should be noted that through its corporate approach to property has continually reviewed and retained only those necessary and as such the easy wins have been achieved. The new challenge with continue this proactive approach in the light of changes to the way that services adapt

their target operating model and evolve over the next few years in terms of service delivery.

74. The asset challenge will work through all of the districts in the next 4 years. It will then be in a cycle of revisiting each district in each 4-year period thereafter ensuring that as corporate objectives and service needs change, then close scrutiny on the property portfolio is ensured. Thus, the County Council will have a property portfolio fit for purpose whilst making sure that capital receipts are maximised.

Recommendation

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

Appendices

Appendix A: Revenue Position as at Period 6, 2022/23
Appendix B: Revenue budget major variances
Appendix C: Capital Programme Monitoring Statement
Appendix D: Capital Programme – Forecast Main Variances and Changes in Funding

Circulation under the Local Issues Alert Procedure

None.

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