



HEALTH OVERVIEW AND SCRUTINY COMMITTEE
18 JANUARY 2023

MEDIUM TERM FINANCIAL STRATEGY 2022/23-2026/27

MINUTE EXTRACT

Public Health Medium Term Financial Strategy 2023/24-2026/27.

The Committee considered a joint report of the Director of Public Health and the Director of Corporate Resources which provided information on the proposed 2023/24 to 2026/27 Medium Term Financial Strategy (MTFS) as it related to Public Health. 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.

Mrs. Richardson CC stated that the budget had been challenging and services had been reviewed to ensure the best service for residents was provided. The department's funding came from the ringfenced Public Health Grant which meant there was a criteria for what the money could be spent on. The 2023/24 Public Health Grant allocation had not yet been announced and were it to be reduced compared to the previous year further cuts could have to be made.

In response to a question as to why savings had to be made if the Grant was ringfenced it was explained that Public Health Grant money could be spent in other County Council departments as long as it met the criteria. Decisions had to be made on whether to spend the money on the Public Health Department's own schemes or to use the money to support the work within other departments. If the money was to be spent in other County Council departments then savings would have to be made from the Public Health Department's own budget.

In response to a question from a member it was confirmed that due to rising inflation there was a concern that the Public Health Grant would be consumed by costs rather than on delivering services.

Members acknowledged the difficulties the department had faced in setting a budget and commended officers for their work.

With regards to the Homelessness Contract it was clarified that the contract was to provide support and improve the health and wellbeing of homeless people. Whilst many of the homeless people that received the support were based at the Falcon Centre in Loughborough, the contract did not fund the hostel itself. Therefore, were the contract value to be reduced there would be no impact on the Falcon Centre core service. Members asked for a briefing note explaining this position to assist them.

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 30 January 2023.
- (c) That officers be requested to provide members with a briefing note regarding the situation with the Homelessness Contract

**ENVIRONMENT AND CLIMATE CHANGE OVERVIEW AND
SCRUTINY COMMITTEE – 19 JANUARY 2023**

MEDIUM TERM FINANCIAL STRATEGY 2023/24 – 2026/27

MINUTE EXTRACT

Medium Term Financial Strategy 2023/24 – 2026/27

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 2023/24 to 2026/27 Medium Term Financial Strategy (MTFS) as it related to the Environment and Waste Management Services within the Council's Environment and Transport Department. A copy of the report, marked 'Agenda Item 9', is filed with these minutes.

The Chairman welcomed Mr. B.L. Pain CC, Cabinet Lead Member for Environment and Climate Change, to the meeting for this and other items.

Arising from discussions the following points were made:

- (i) Mr. G. A. Boulter CC raised concerns about the proposals to cease all SHIRE environment grants with effect from April 2023 and he asked whether this could be reconsidered. In response it was explained that due to the County Council's financial situation the department was required to make significant savings and there was only so much capital to spend. It was also noted that SHIRE grants sat under the communities portfolio which sat with the Chief Executive's Department therefore they were not entirely under the control of the Environment and Transport department.
- (ii) The County Council gave recycling credits to incentivise third parties/charity sector and district councils to recycle certain types of household waste that it did not direct disposal on. A member raised concerns that these credits would be reduced in 2023/24.
- (iii) Savings were projected to arise from a new waste disposal contractual arrangement commencing April 2023 and switching use of third-party (contracted) "waste to transfer" to the in-house operated site at Bardon. In response to a question about the risks of these savings not being delivered it was explained that government changes to the regulations were expected which could have an impact but the contracts had been designed to be flexible so they could adapt to changes in the regulations.

- (iv) Whilst £47,000 capital had been allocated for tree planting in the year 2023/24, the tree planting allocation for the remaining years of the MTFS was zero. It was explained that this was because the County Council had been successful in obtaining funding from the Forestry Commission for tree planting and would be bidding to appropriate funding sources when they arose to cover the whole MTFS period. There was a target to plant 700,000 trees over a 10 year period and other organisations were contributing to the target as well as the County Council. Currently tree planting was ahead of the trajectory to meet this target.
- (v) A query was raised as to why spending on the Ashby Canal formed such a large part of the capital programme when it only related to one part of Leicestershire. In response it was explained that this was a historic issue dating back many years, details of which were set out in a report considered by Cabinet on 25 November 2022. The canal needed constant replenishing with water and some of it was sourced from a former coal mine. Leicestershire County Council had a responsibility to make sure the water was cleaned before it was deposited in the canal. An application had been submitted to the Secretary of State for the Environment, Food and Rural Affairs for consent to transfer powers under the Transport and Works Act Order 2005 to the Ashby Canal Association which if successful would reduce the financial burden on the County Council.

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 30 January 2023.

ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE
23rd JANUARY 2023

MEDIUM TERM FINANCIAL STRATEGY 2023/24 – 2026/27

MINUTE EXTRACT

Medium Term Financial Strategy 2023/24 - 2026/27.

The Committee considered a joint report of the Director of Adults and Communities and Director of Corporate Resources which provided information on the proposed 2023/24 to 2026/27 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, Cabinet Lead Member to the meeting for this item.

In introducing the report, the Director advised Members the report outlined the strategic priorities and how they related to growth requirements of the Department moving forward over the next twelve months, and detailed savings and efficiencies put forward as part of the MTFS round.

The Director continued that in general terms the Council remained, as did most councils, in a difficult position in terms of the funding of social care, which had over the past two years become heightened in terms of increased demand post pandemic and added pressure to the budget.

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

Service Transformation

Members noted the information provided at paragraphs five to nine in the report and made no comment.

Proposed Revenue Budget

- (i) The table at paragraph 10 in the report provided information as to the starting point for the budget 2023/24 for the Department, which showed a proposed net budget of £186million.
- (ii) Members were asked to note that the revenue budget had been compiled on the basis of no pay or price inflation. A contingency for pay and inflation was held centrally and allocated in year when the position became clearer.

Therefore, the growth highlighted was only for demographic, service pressure growth and some in-year price increases. It was noted the budget transfer and adjustment for 2022/23 was £15.2million, which included £10million for price inflation. It was explained that the Council used the contingency approach, as to put a notional flat percentage rate across all departments would be difficult due to the different levels of staffing and salaries. Members were advised to focus on the year 2023/24 and that the following three-year proposed budgets were for information and indicative at this point in time.

- (iii) The table at paragraph 12 outlined net budget breakdown in broad terms, with 87% of the budget going directly into services commissioned for local residents. Members requested a glossary of terms describing the different services be developed as a living document for Members, to be updated on a regular basis and to be attached to the agenda for each meeting.
- (iv) It was noted that the Better Care Fund (BCF) had been scrutinised and agreed by the Health and Wellbeing Board.

Growth

- (v) Members queried the large increases in growth figures over the four years and asked how the increase was calculated. It was reported that this was based on the number of people receiving a service in November of the year and the cost of providing the service. That figure was then extrapolated forwarded using national models 'POPPI' and 'PANSI' (one for older adults and one for younger adults working age) which provided an estimated figure over a four-year period. It was, however, noted the figure was subject to change based in differing circumstances, such as people leaving long term care, or people developing a long-term illness as well as changes to costs arising from wage and contract settlements.
- (vi) It was difficult to predict how many people would develop mental health conditions or physical disabilities, therefore forecast was based on previous years' figures. The Department was confident about the forecast for the next financial year based on current monitoring. However, if there were to be an increase in service users greater than predicted it would result in overspend. Currently the figure predicted was slightly below the national growth average in the county.
- (vii) Members noted the typical growth of service users at 1 to 1.5%, which did not appear to equate to the increased budget figures for growth. It was reported that the 1.5% average was an average across all service areas. Some areas with static numbers could experience cost demand pressures due to some long-term service users with extensive needs could be greater than others. It was noted there was a sophisticated system for analysing the current service user needs, and the likelihood of further users have similar or greater needs.
- (viii) With regard to the on-going sustainability of the budget given the significant growth pressures predicted for the latter part of the MTFs it was pointed out

that the growth requirement in the current year of £7million was matched by a £7million saving target for 2023/24, and that each year savings and efficiencies would be looked at to balance the budget. It was also noted Central Government would determine priorities with some additional specific grant funding, which could be applied to the budget to offset cost and demand pressure.

Adult Social Care – Savings

- (ix) As denoted by the star system there were a number of areas that had been in previous MTFS reports, and the majority of those had been amended to take account of latest information and data, and the budget had been increased accordingly. No comments were made on these saving requirements.
- (x) AC3 (Eff – Implementation of Digital Assistive Technology to Service Users (Technology Enabled Care – TEC) – the Council Care Technology (CT) service formed a significant part of the savings plan as the service offer had been developed.
- (xi) AC9 (Eff) – Direct Payment Commissioning Efficiencies – a £1million saving was proposed, rising to £1.5million from 2024/25. Whilst this was a significant sum, in the context of a budget of £42million it was a small percentage saving.
- (xii) AC10 (Eff) – Commissioning and Implementation of Revised Extra Care Model – the service had been out to procurement and the new contract would commence in April 2023.
- (xiii) AC11 (Eff) – Improved systems, ways of working and cost of recovery efficiencies – the saving would be through bringing together back office and commissioning efficiencies in a couple of areas.
- (xiv) AC13 (Eff) – Home Care – review of care packages – particularly for people with double-handed care (two carers assisting an individual). The level of care for individuals would be reviewed to see if the same level of care was required, and if it could be reduced.
- (xv) AC16 (Eff) – Improving outcomes from the Homecare Assessment and Reablement Team (HART) and Community Response Service (CRS); and AC17 (Eff) – Through as alignment of the Homecare Assessment and Reablement Team (HART) and Community Response Service (CRS) – it was hoped to provide an enhanced reablement offer, as the best way to manage demand for older people particularly, which in turn would bring in longer-term savings into the department. Mileage costs and travel time would be reduced by alignment of the two teams together so that both teams work to the same geographical footprint (currently the CRS operated on a countywide basis).

- (xvi) Members noted and commended the Department on its track record of making savings whilst maintaining quality of care.

Communities and Wellbeing – Savings

- (xvii) AC19 (Eff/SR) – Implementation of revised service for Communities and Wellbeing – there had been various proposals looked at for the relocation of the Record Office but had not come to fruition due to lack of funding. It was noted that the City and Rutland councils paid towards the storage of documents. Members reiterated the need for a new facility to ensure appropriate storage and security of records given the existing facility had reached capacity and some items were not being kept in the environment required. The Cabinet Lead reassured Members that the issue was actively being looked at and actively under discussion.
- (xviii) AC20 (SR) – Review Green Plague Service – Members asked if, instead of removing the service, if it could be changed to a chargeable service. It was explained that sponsorship had been looked at previously, but not a charging model. The Cabinet Lead would take the request to Cabinet for discussion.

Savings Under Development

- (xix) Three Conversations Model – described as a national model recognised within social care circles. This was about having the right conversation with people at the right time and was based on talking to people about how they could achieve some of their support requirements through their local communities, through their families and through people they know through a strengths-based asset approach, rather than seeing funding from a local authority, with the aim of trying to keep people independent for as long as possible, and thus achieve savings. The model would be piloted over the next 12 months and rolled out across the County over the 12-month period.
- (xx) Review of Discharge process and Reablement with ICB – it was noted that if proven to be effective there would be significant saving for the 2024/25 MTFS.

Health and Social Care Integration

Better Care Fund (BCF)

- (xxi) Noted was the BCF at nearly 15% of the Department's net budget, and there was obvious risk should anything happen to the fund. In addition to the BCF in December 2022, there was a £500million Discharge Grant announced by Government of which Leicestershire received £5million (£2million for the County Council, £3million to the Integrated Care Board) to be spent on assisting discharge from hospital. There was an announcement in January 2023 of a further £250million grant to the NHS for discharge (around £3.5million locally to the ICB) the majority of which would go to community hospitals for step down beds from the UHL.

- (xxii) In terms of the discharge grant there were calls for longer-term funding to support community service infrastructure as well as funding to enable recruitment and retention of the workforce.
- (xxiii) Comment was made about the Disabled Facilities Grant, and the way that the two tiers, County and District Councils worked together was a successful model of delivery. Particular mention was made to the Lightbulb project, which had greatly added to peoples' lives and well-being in their own homes. It was however noted that lack of builders was restricting the speed at which DFG works could be undertaken

Adult Social Care Reform

- (xxiv) Noted was the Government's announcement of a two-year delay to the national rollout of social care charging reforms to 2025/26, which removed a significant financial risk to the County Council which had been approaching £20million.

Other External Influences

- (xxv) Members noted other areas of funding that influenced the achievability of the MTFS for the Department.

Other Funding Sources

- (xxvi) Members noted a number of smaller grants that funded specific aspects of the Department's activity.

Capital Programme

- (xxvii) Members noted the main source of external funding of the capital programme of £21million was the BCF grant of £17.8million which was passported to District Councils. The remaining balance of £3.4million was against the Social Care Investment Programme (SCIP) which was currently being reviewed.

Future Developments

- (xxviii) Members noted the summary of provisional capital bids, in particular the SCIP with the development of alternative accommodation, for example, supported living, to enable people in the community to remain independent and receive better care.

RESOLVED:

- (a) That the report regarding the Medium Term Financial Strategy 2023/24 – 2026/27 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 30 January 2023.

- (c) That a glossary of terms describing the different services be developed as a living document for Members to be updated on a regular basis.

**CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY COMMITTEE – 24
JANUARY 2023**

MEDIUM TERM FINANCIAL STRATEGY 2023/24 – 2026/27

MINUTE EXTRACT

Medium Term Financial Strategy 2023/24 – 2026/27

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 2023/24 to 2026/27 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.

Service Transformation and Proposed Revenue Budget

Members noted the information provided at paragraphs 10 to 25 in the report and made no comment.

Growth

G1 - Social Care Placements:

- i. Members raised concerns regarding the growth in the demand for social care placements and the associated costs. The Director advised that the rise in demand had resulted mainly from more children presenting with more complex needs and because of an increasing trend in older children requiring care. Members noted, however, that the growth in spend had not been proportionate to this growth in demand as costs had also been affected by a number of other factors including market pressures, inflation and the rise in the cost of living.
- ii. The Director confirmed that Leicestershire had experienced a higher increase in demand for social care over the last five years (10%) when compared to the national average (4.1%). However, this had been because the Council had previously had a much lower number of children in care than other local authorities. Work had also been completed to ensure that 16/17-year-old homeless young people had access to care which had contributed to the increase. Members were assured that the number of children requiring care was projected to decrease. The Department had been focused on both

preventing the need for children going into care in the first instance and reducing the time spent in care. This had helped to reduce the yearly percentage increase which was now below 8%.

- iii. Members noted that, as part of the Defining Children and Family Services for the Future programme (DCFSF), the Department continued to deliver early intervention to provide families who were struggling with practical parenting advice and support. This helped to prevent the need for some children entering into care. However, Members noted that safeguarding children remained the priority, therefore where it would not be safe for a child to remain at home, a care placement would always be provided.
- iv. Following on from the success of the first phase of the programme, Defining Children and Family Services for the Future programme 2 (DCFSF2) was now being implemented. The Department had also been delivering targeted work on areas such as domestic abuse, following the allocation of additional funding by the Government.

G4 – Increase in EHCP’s Additional Case Managers:

- i. Concern was raised regarding a disproportionate increase in the number of children and young people requiring an Education, Health and Care Plan (EHCP) in Leicestershire (54%) when compared to the England (38%) and East Midlands (32%) average. The Director explained that all local authorities were required to measure against the same statutory data thresholds and that it would remain useful to make such comparisons to give an overall view. However, it was recognised that such data could not be considered in isolation. The Director provided assurance that the Department would focus on understanding the wider issues affecting demand for EHCP’s and would develop services and work with partners to address these, delivering the correct provision for children in the right place, at the right time. Members noted that Leicestershire had experienced higher growth in the demand for EHCP’s than any other local authority which had been partly due to low levels of Government funding for schools in Leicestershire. As a result, some schools did not have the resources to deliver the required level of inclusion services and therefore parents had applied for EHCP’s to ensure the best level support for their children. The Director explained that funding for schools in Leicestershire had been increasing, but that it would take time for changes to be implemented.
- ii. In response to questions raised, the Director reported that the appointment of ten additional Case Managers would not meet the increased demand for EHCP’s. However, it would help to alleviate some of the pressures in the system, adding capacity to enable the processing of applications and the opportunity for more engagement with parents and carers. This would in turn help ensure children were receiving the right level of support in the right place. The Director undertook to provide members with the number of case managers working within the service since 2016.

Savings

CF8 (Eff) Alternative Approach for Delivering Anti Bullying:

- iii. In response to concerns regarding the impact on children in not recruiting to the vacant post within the anti-bullying service, the Director assured members that the team (of two people) did not conduct work directly with children but provided support to schools to help them put in place their own anti-bullying initiatives. Members noted that this work would continue but that consideration was being given to how this support could be delivered more efficiently in future.

CF9 (SR) Review Virtual School Provision:

- iv. In response to concerns raised regarding the potential impact on vulnerable children when reviewing the Virtual School provision, the Director assured members that the Department would be focussed on those children affected and consideration given to how best to mitigate any impacts arising from a reduction in the budget.

Dedicated Schools Grant (DSG)/Schools Block

- v. Concern was raised regarding the financial efficiencies projected to be made through the delivery of the Transforming SEND and Inclusion in Leicestershire (TSIL) programme and it was questioned whether there would be any associated negative impacts on children. The Director explained that the TSIL programme would focus on transforming the whole SEND system to ensure that children with SENDs had their needs met at the right time, in the right place and with the right level of support. Members noted that diagnostic work conducted by Newton Europe in 2022 had indicated that some children within the SEND system had been receiving incorrect provision or were placed in an incorrect setting to support their needs. There would be a financial benefit in identifying and applying the correct provision early on, as well as a benefit to children, parents and carers, schools and other partners in getting this right from the outset. The Director acknowledged that it would be possible that the programme could identify that some children required a higher level of provision than had been provided, but assured members that the diagnostic work conducted by Newton Europe did not indicate that this would be the case.
- vi. In response to a question regarding the importance of reducing the deficit in the Dedicated Schools Grant (DSG), the Lead Member for Children and Family Services explained that the Council was required to set aside resources to offset the DSG deficit and that this therefore impacted the level of funding available for other services. At the levels of expected growth, the budget position would become increasingly unsustainable as more resources had to be set aside. If the Council were required to repay that debt, its financial position would become even more untenable. The Lead Member assured the Committee that she would continue to lobby the Department for Education (DfE) on the matter of funding, but it was essential that the

planned measures to contain growth, address demand and reduce costs continued.

- vii. The Director explained that the TSIL programme would offer the opportunity for closer engagement with schools on SEND and inclusion with the aim of applying funds more effectively to support children with SENDs within a mainstream education setting where this was most appropriate. Members noted that schools had received information on the TSIL programme, and that positive feedback had been received.

Capital Programme

- viii. Members noted the information provided at paragraphs 92 to 100 in the report and made no comment.

The Chairman thanked officers for their work and for presenting a comprehensive report.

RESOLVED:

- a) That the report regarding the Medium Term Financial Strategy 2023/24 – 2026/27 and information now provided be noted;
- b) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 30 January 2023;
- c) That the Director of Children and Family Services be requested to provide members of the Committee with the number of Case Managers assessing requests for Education, Health and Care Plan's (EHCP's) since 2016.

**HIGHWAYS AND TRANSPORT OVERVIEW AND SCRUTINY
COMMITTEE - 26 JANUARY 2023**

MEDIUM TERM FINANCIAL STRATEGY 2023/24 – 2026/27

MINUTE EXTRACT

Medium Term Financial Strategy 2023/24 – 2026/27

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 2023/24 to 2026/27 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 '8' 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) G9 – SEN Transport

The growth in demand for SEN transport had risen by some 12% in the last financial year and the projections were that there would be continued growth in the coming years. The investment by the County Council in new SEN places would assist in reducing costs. The Department was also looking at how costs could be better managed, and this would be reflected in the savings requirement 'Lean Review of SEN Transport (ET3)'.

The key drivers for the increased costs were attributable to:

- The increasing number of children with Education Care and Health Plans who were eligible for SEN transport. This was a national trend.
- There was an increasing number of pupils with severe and complex needs.
- The cost pressures facing transport providers arising from increased fuel and staffing costs.
- The recent trend of taxi contracts being handed back and these having to be recommissioned at a higher cost.

Savings

ii) ET 7 – Park and Ride

This service was run jointly with Leicester City Council. Work was underway to look at various options to deliver this saving and detailed reports would be submitted to members prior to implementation. There will be ongoing collaboration with the City Council throughout this process.

iii) ET 9 – Community Speed Cameras

The existing 7 cameras have been in operation for some years now and it would be difficult and costly to re-use these at other sites. Members were reminded that the Council had lobbied but failed to convince the Government to allow it to retain a proportion of the fines which would have reduced the cost of the schemes to the Council. The Director also undertook to provide members with the location of the 7 existing cameras sites.

Capital Programme

- iv) A511 – Members were advised that to an accounting technicality this scheme was not deemed to have “secured” funding and therefore was not included in the report, but that work was on-going on the scheme.
- v) DfT funding for major projects. The concerns expressed by members about the sufficiency of funding that had been allocated to schemes such as the Melton Mowbray Distributor Road some years ago was acknowledged. Members were advised that despite representations to the Department for Transport (DfT) no additional resources were offered. The bidding process limited how much the Council could include in the Outline Business Case to reflected potential increase in cost over the lifetime of the project.

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 30 January 2023.

SCRUTINY COMMISSION – 30th JANUARY 2023**MINUTE EXTRACT****Medium Term Financial Strategy 2023/24 – 2026/27**

The Commission considered a report of the Director of Corporate Resources which provided information on the proposed 2023/24 – 2026/27 Medium Term Financial Strategy (MTFS) as it related to Corporate and Central items. The report also 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, the Deputy Leader, Mrs D. Taylor CC, and Cabinet Lead Member for Resources, Mr L. Breckon CC, to the meeting for this item.

In introducing the report, the Director of Corporate Resources highlighted that the Council's medium term financial position had improved slightly as a result of the Government's Autumn Financial Statement. This had meant that a balanced budget could be delivered, but this would still be dependent on some difficult decisions having to be made over the period of the MTFS.

The Leader commented that:

- Whilst the increased funding allocated by the Government was welcomed and a balanced budget had been set, the position remained very challenging. Ongoing impacts from the Covid-19 pandemic, the war in Ukraine, rising energy costs and staff shortages continued to add pressure on the Council and added to future uncertainty. This would be particularly difficult to manage and forecast given these were factors outside the Council's control.
- It was disappointing that discussions regarding Fair Funding had been pushed back, but a planned meeting with the Chancellor in April was very welcome. The Leader thanked local MPs for arranging this.
- Population growth was a key factor causing problems with the current funding system. Census data showed some parts of London declining by more than 20%, whereas areas such as Leicestershire with increasing populations, had not received a commensurate rise in Government funding to support this.

Arising from discussion, the following points were made:

MTFS Summary and changes to the Revenue Budget

- (a) Although the Council's financial position had improved the specific savings identified in the report to Cabinet in December had not been adjusted or reduced. Members noted there was £1m of funding that had been allocated to lessen service reductions that could be offset against those savings identified. This was under consideration and the Lead Member for Resources welcomed suggestions from the Scrutiny Commission.
- (b) The £4.0m adult social care sustainability and improvement fund detailed in the report was good news. Whilst referenced with a 'minus' (for accounting reasons) this would in fact be additional money received by the Council. Members noted, however, that detail and grant conditions relating to how these funds could be used were still awaited.

Corporate and Central Items and Corporate Growth and Savings

- (c) Contingencies for pay awards (£34m) and national living wage (£52m) increases were significant and outside the control of the Council. Concern was raised at how the Council could continue to absorb such additional costs without further support from the Government.
- (d) There was very little, if no tolerance in the estimates made within the MTFS. It was recognised that inflation last year had been much higher for longer than expected. This had significantly affected the Council's budget across all service areas over the last year. Members noted that any similar unexpected impacts would affect the MTFS and require more savings to be made.

Adequacy of Earmarked Reserves and Robustness of Estimates

- (e) There had been some confusion regarding reference in the media to £25m savings being made within the Special Educational Needs and Disability (SEND) budget. The Deputy Leader clarified that this was *not* a saving, but that a service transformation programme had been put in place to bring the Council's spend on SEND services in line with the grant allocated by Government (the High Needs element of the Dedicated Support Grant). The Council's spend was significantly higher than the grant received. Members noted that the Council could not legally add funding to the High Needs budget and so had to address the deficit through a reduction in costs.

Capital Programme 2023/24 – 2026/27

- (f) Members were reassured that the contractual arrangements regarding the Freeport included a 'no detriment' clause which would ensure that all councils affected (including the County Council) would retain the existing level of

business rates from the Freeport tax site locations. Whilst an issue for some larger authority areas, it was not expected that there would be any displacement of businesses from Leicestershire to the Freeport area.

- (g) Members expressed frustration that whilst the Council's capital programme was affected by inflation rises, Government grants to support large scale projects were not index linked and so did not similarly go up to reflect the rise in costs. Grant funding was fixed at the point it was allocated. However, it was recognised that projects might not begin for some years after that point, given the work involved.
- (h) There were two key infrastructure demands arising from existing and emerging local plans – school places and highway infrastructure. The County Council would need to prioritise developer funding allocations to support the delivery of school places given its statutory responsibilities in this area. It was recognised that the timely delivery of highway infrastructure could therefore suffer as a result. The Council would now be reliant on developer contributions before being able to deliver future major road schemes.
- (i) Members were assured that equality and human rights impact assessments would be undertaken as part of the development of each savings proposal following agreement of the MTFS. These would be considered by Members as proposals were individually put forward for consideration in more detail through Scrutiny and the Cabinet as appropriate.

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 7th February 2023.

Medium Term Financial Strategy 2023/24 to 2026/27 - 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 2023/24 – 2026/27 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.

In addition to the Leader, Deputy Leader and Lead Member for Resources who remained for this item, the Chairman welcomed Mrs Posnett, Lead Member for Communities and Equalities, to the meeting.

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

Growth

- (a) Connectivity (Broadband) Team – The Council had supported the delivery of superfast broadband across the County and the team supporting that work had to date been funded by gainshare receipts from Openreach (i.e. money paid by Openreach to the Council when broadband was taken up in those hard to reach areas supported by the Superfast Leicestershire programme). Growth funding was now being sought to support this work.

Savings

- (b) Planning, Historic and Natural Environment – This was not a direct saving but an expected increase in income from planning application fees. The figures were based on recent income trends. Whilst there had been a slight reduction in fees last year, this was expected to improve in 2023/24.
- (c) Heritage team structure review – In house staff to provide this service was no longer warranted. Such specialist advice had not been requested/provided to applicants for some time. District councils also no longer required such advice. The service was considering how best to realise the saving.
- (d) Coroner’s Service - Merging the two coronial areas covering Leicester, Leicestershire and Rutland would likely generate savings in the long term. In the short term this had been offset by a rise in case work. The rise in demand had been in part due to the higher rate of excess deaths. However, other factors and an increase in complex cases had been a factor. Members noted that a four times increase in the cost of post-mortems was also a significant issue. These fees were payable to the NHS and were non-negotiable.
- (e) Place Marketing - Discussions were ongoing regarding use of the Business Rates Pool. One area being considered within that was the funding of the Place Marketing Team currently supported by the County and City Council.
- (f) SHIRE Grants Programme – It was commented that SHIRE grants had provided valuable support to charities and voluntary and community organisations. In considering areas where the Council might use the unallocated £1m funding to offset planned savings, it was suggested that this might be one of those areas.

It was moved, seconded and agreed that the Scrutiny Commissioners be requested to consider the establishment of a five member review panel to look at the SHIRE Grants Programme.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments now made be submitted to the Cabinet for consideration at its meeting on 7th February 2023;

- (c) That the Scrutiny Commissioners be requested to consider the establishment of a five member scrutiny review panel to look at the SHIRE Grants Programme.

Medium Term Financial Strategy 2023/24 to 2026/27 - Corporate Resources

The Commission considered a report of the Director of Corporate Resources which provided information on the proposed 2023/24 – 2026/27 MTFs as it related to the Corporate Resources Department. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

In addition to the Lead Member for Resources, Mr Breckon CC, who remained for this item, the Chairman welcomed Mr Bedford CC, Lead Member for Recovery and Transformation, who had joined the meeting remotely.

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

Growth

- (i) Customer Service Centre (CSC) – The reduction in funding would not affect services. A programme of improvement had been put in place two years ago which had resulted in new on-line processes being developed. With further improvements planned, for example on the blue badge scheme, whilst demand had increased, the impact of this on the CSC was being reduced. Similarly, improvement in providing on-line feedback had been developed in areas such as home to school transport. This meant that the Council was now more proactive in keeping parents up to date on their applications which reduced the need for them to contact the CSC.
- (ii) Compared to three years ago, Members noted that the adoption rates for recently developed online access had risen from 75% to 97%. This had significantly reduced the number of calls into the CSC. Assurance was provided that the service recognised many residents still preferred to telephone through the CSC and this would therefore always be an option open to residents.
- (iii) Call waiting times were measured both in real time and on a monthly basis. The vast majority of callers were kept waiting between 1 - 13 minutes. There were some cases where people were kept waiting for longer, but this was during busy periods, for example during school admission periods. It was acknowledged that performance was not as good in the adult social care section of the service, but this was due to difficulties in being able to recruit suitably qualified staff to that area.
- (iv) New processes had been introduced which meant the CSC would now monitor officer responses to queries raised and passed on through the centre.

- (v) Lone Working App – This application helped to support and ensure the safety of officers working alone out in localities. Different solutions had been tested but this had been identified as the best approach. It was considered a moderate spend for something that would help reduce the risk and vulnerability of officers working in the community. It was suggested that this might also be useful for Members.

Savings

- (vi) Ways of Working Programme – This programme continued to be rolled out and whilst it was recognised that the County Hall campus was not currently being fully utilised, good progress towards this was being made.
- (vii) That Council had learnt from the restrictions imposed during the pandemic requiring people to work from home and was now moving towards a more long-term hybrid approach. Many organisations including other local authorities were operating in this way.
- (viii) The cost to support the adjustment to new ways of working (including improved IT software) had resulted in an increase in the budget initially, but this had been taken into account when the business case for the Ways of Working Programme had been developed. These costs had been offset by existing infrastructure being removed and the savings made through delivery of the Programme. In response to a question raised, Members noted that it cost the Council significantly less to support officers to work flexibly and that spend on IT had been reduced by over £1.2m over the period of the MTFS.
- (ix) A general policy requiring staff to be in the office for a set number of days per week had not been imposed. The approach adopted was for managers to agree arrangements which best suited their service area and whilst providing flexibility prioritised meeting the business needs of the Authority. It had to be recognised that, given the range of services provided by the Council a single approach would not work as well. Also, a return to imposed office working would increase costs and risked further impacting the current pressures faced to recruit and retain staff.
- (x) The Lead Member for Recovery and Transformation provided assurance that steps were being taken to make the best use of the County Hall campus both to support services and the needs of the Council's own staff, but also to reduce cost and generate income through renting parts of the building. Productivity was also being monitored to ensure this was retained as changes were made. If it was shown that productivity started to drop, or services were negatively affected by the change in approach, then the Programme would be reviewed.
- (xi) As part of the Ways of Working Programme staff welfare and wellbeing continued to be a key consideration, as well as support provided to new members of staff. Offices were being adapted to ensure the best use of space to support a more collaborative working environment. Members

were assured that Departments and service teams would continue to be located together. A Member commented that on a visit to County Hall they had been provided with some assurance when speaking with officers that the refurbished offices were being used and working well.

- (xii) Contact with officers remained unchanged and the Deputy Leader emphasised that Members should be able to continue to contact officers via Teams or to email them in the usual way, irrespective of whether they were based at home or in the office. The needs of the business were prioritised by managers and so contact during normal business hours was supported.
- (xiii) Place to Live – The contract with Nottingham Communities Housing Association (NCHA) was working well. They now managed sites and acted as the first point of contact for tenants.

At this point in the meeting Mrs A. Hack CC declared a non-registerable interest in this item as she was employed by a competitor of NCHA.

- (xiv) Sale of Castle House – The savings identified had taken into account the loss of the rental income that would otherwise be generated from the property. Such income had been small and there had been an overall net cost to the Council, hence the proposal to sell to deliver the identified saving.

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 7th February 2023 for consideration.

Medium Term Financial Strategy 2023/24 to 2026/27 - 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) 2023/24 – 2026/27 as related to the County Council departments. A copy of the minute extract had been circulated to Members and a copy is filed with these minutes.

In considering areas where the Council might use the unallocated £1m funding to offset planned savings, the following were suggested for consideration by the Cabinet:

- (i) Highway repairs and improvements – Given that the Members Highway Fund would come to an end this year and many Members received comments from residents regarding the deteriorating condition of roads in the County, it was suggested that some of the unallocated funds could be

targeted towards highway repairs and improvements.

This proposal was supported by the Commission, but it was suggested that in the first instance a briefing should be provided on this topic to help all Members understand the constraints and pressures faced by this service and how they could raise queries about issues in their area. Consideration could then be given to how these might then be addressed/improved with some additional funding.

A Member questioned whether there was scope to include in section 106 planning agreements a provision requiring developers of large logistic sites to contribute to highway repair and maintenance costs given the damage caused to roads around those areas by large logistical vehicles. Officers undertook to come back to Members on this matter after the meeting.

- (ii) Average Speed Cameras – There were a number of potential areas where the siting of average speed cameras would be of benefit. Road safety and reducing traffic speeds was necessary to reduce accidents and fatalities.

It was noted that the capital cost of siting another seven average speed camera was in the region of £500,000 and unfortunately the Treasury had refused the Council's proposals to retain fines arising from cameras once installed to recoup these costs. The Leader commented that without a change of policy from the Treasury the Council did not have the capital resources to support this.

- (iii) Buses – It was recognised that pressure to cut bus services continued to mount as usage fell but costs increased. Members recognised that the delivery of bus services was a commercial decision for private bus operators. The Leader commented that if services were not used and therefore no longer considered viable by operators, the Council did not have adequate resources to subsidise these. The Leader further commented that it was Council policy to try to support sustainable travel options, but it was likely in the future this would be through a demand responsive transport service.
- (iv) Travel Packs - A member commented that use of section 106 developer contributions to provide travel packs was not working effectively. It was questioned whether such funds could be re-prioritised to support bus routes or to look at alternative options to support demand across a broader area.

RESOLVED:

- (a) That the comments now made be submitted to the Cabinet for consideration at its meeting on 7th February 2023;
- (b) That an all Member Briefing be arranged regarding the constraints and pressures faced by the Highway Maintenance Service and how Members

could raise queries about issues in their area;

- (c) That officers be requested to consider the legal position regarding the use of section 106 developer funding to support travel packs and whether this could be reallocated to other more suitable travel options;
- (d) That officers be requested to consider whether there was scope to include in section 106 planning agreements a provision that would require developers of large logistic sites to contribute to highway repair costs.

Corporate Asset Investment Fund Strategy 2023 – 2027

The Commission considered a report of the Director of Corporate Resources which sought members views on the revised Corporate Asset Investment Fund (CAIF) Strategy for 2023 to 2027. The report set out the proposed approach to management of the CAIF and future acquisitions, the strategy utilising the Capital Programme funding, together with amended Terms of Reference for the CAIF Advisory Board which reflected the core provisions of the Strategy and would support the future management of the estate. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

In response to questions raised the Director commented as follows:

- (i) The CAIF had been established in 2014 to address the acute budget pressures and reductions in government grants faced at that time. These pressures still remained and the CAIF therefore remained relevant to the Council's MTFS.
- (ii) The Fund had been a success, now generating over £7m in revenue income, which had year on year reduced the level of savings required.
- (iii) The Council had been prudent and never borrowed to support CAIF investments, these having been funded from underspends.
- (iv) The Fund had been robust and performed well despite the pandemic and economic pressures arising from the war in Ukraine, including rising inflation costs. The Council had invested sensibly over the years and ensured it maintained a varied portfolio which meant the impact of such external factors had been minimised.
- (v) The County Council's external auditors had not raised any issues or concerns regarding the CAIF since its inception.
- (vi) Recent changes in CIPFA (Chartered Institution of Public Finance and Accountancy) rules meant that the CAIF would now be repurposed. Some authorities had been reckless in the level of commercial investments made, spending billions of pounds and borrowing significant sums. This had resulted in the rules being changed so that borrowing was not permitted

purely to generate income.

- (vii) The investment appraisal process outlined in the Strategy included all costs and income. The stated 7% target would therefore be the net return sought. Although the primary focus of the fund would no longer be to generate an income, it was still considered good financial management to ensure through the Strategy that Council assets achieved a good return.
- (viii) Sites purchased and ongoing developments held in the CAIF would be unaffected by the change in CIPFA rules. Schemes such as Airfield Farm and Leaders Farm would not only generate a future income but would provide jobs and regeneration in the area which was still permitted.
- (ix) The Scrutiny Commission would continue to receive reports regarding the performance of the Fund. It was suggested that a more detailed explanation of the changes and impacts of the new CIPFA rules would be helpful and the Director undertook to provide this as part of the next planned report to the Commission.

The Lead Member for Resources commented that the Fund had supported Council Services well but would now be rebranded to ensure the Strategy reflected the change in tone and focus of the Fund in line with the new CIPFA rules. These changes would be made to the Strategy in time for its presentation to the Cabinet and full Council in February.

RESOLVED:

- (a) That the update now provided be noted;
- (b) That it be noted that the revised Strategy would be presented to the Cabinet on 7th February and thereafter to full Council on 22nd February as part of the MTFS for approval.