



Minutes of a meeting of the Cabinet held at County Hall, Glenfield on Friday, 10 February 2023.

PRESENT

Mr. N. J. Rushton CC (in the Chair)

Mr. B. L. Pain CC
Mrs D. Taylor CC
Mrs. C. M. Radford CC
Mr. O. O'Shea JP CC
Mr. L. Breckon JP CC

Mrs H. L. Richardson CC
Mrs. P. Posnett MBE CC
Mr. R. J. Shepherd CC
Mr. P. Bedford CC

In attendance

Mr. M. Mullaney CC, Mrs. B. Seaton CC, Mrs. M. Wright CC

Webcast.

A webcast of the meeting can be viewed at <https://bit.ly/2NKDhFz>

206. Minutes of the previous meeting.

The minutes of the meeting held on 16 December 2022 were taken as read, confirmed and signed.

207. Urgent items.

There were no urgent items for consideration.

208. Declarations of interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

Mrs C. M. Radford CC, Mr. R. Shepherd CC and Mrs D. Taylor CC each declared an other registerable interest in agenda item 9 (Interim Approach to Planning Issues in Charnwood Borough) as members of Charnwood Borough Council.

Mr. P. Bedford CC declared an other registerable interest in agenda item 12 (County Council's Representative on the East Midlands Freeport Board) as his employer (Severn Trent) was represented through a company on the East Midlands Freeport Board.

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

The Cabinet considered a report of the Director of Corporate Resources regarding the Council's proposed Medium Term Financial Strategy for 2023/24 to 2026/27 (MTFS), following consideration of the draft MTFS by the Overview and Scrutiny bodies and

receipt of the Local Government Finance Settlement. A copy of the report, marked 'Agenda Item 4', is filed with these minutes.

Comments from Mr. S. J. Galton CC regarding the proposed reduction in bus service subsidy funding are also filed with these minutes (minute 211 below also refers).

The Director said that the final Local Government Settlement was received on 6 February 2023. The only change affecting the MTFS was an additional £0.1m for the Services Grant. He added that based on the latest review of proposed service reductions in the MTFS it was now not expected that the full amount of the £1m contingency in 2023/24 would be required, and hence £0.4m of the balance could be released. He suggested that this be added to the £0.1m above to provide additional investment for highways maintenance of £0.5m.

Mr Breckon CC said that the whilst the County Council had been able to produce a four year financial plan, the latest Local Government Settlement had left the County Council with no choice but to make difficult choices which would allow the maximum level of resources to be targeted at those who needed it most. The Authority would continue to pursue fair funding and other initiatives to help the County. He added that responses to the public consultation indicated support for a rise in council tax and the continued push for fair funding. It was noted representatives of the County Council would be meeting with the Chancellor in the spring to discuss the Council's financial difficulties.

Mr Bedford CC said the Government needed to recognise the pressures the County Council faced and the urgent need for a fairer allocation of funding. He added that the Authority was taking difficult decisions in order to deliver a balanced budget and continue to be able to provide vital services for its residents.

Mrs Taylor CC said the Children and Family Services Department had significant savings to make which would be extremely difficult at a time when the numbers of children requiring additional support were growing. In reference to the high needs budget deficit which continued to grow each year, she said that the Authority was working with the Department for Education and external consultants to try to address the issue whilst continuing to push Government for changes in the sector. She added that the Authority had secured £1m of funding to deliver a family hubs model in the County which would enable the offer of additional online support and local hubs to support families.

The Leader said that whilst the approval of the proposed budget would result in some difficult decisions, including a rise in Council Tax at a time when many people were struggling, it would enable the Authority to continue to protect the most vulnerable people.

RESOLVED:

- I. That the comments of the Overview and Scrutiny Committees and the Scrutiny Commission as set out in Appendix Q to the report be noted;
- II. That the following be recommended to the County Council:
 - a) That subject to the items below, approval be given to the Medium Term Financial Strategy (MTFS) which incorporates the recommended revenue budget for 2023/24 totalling £512.1m as set out in Appendices A, B and E of

the report and includes the growth and savings for that year as set out in Appendix C;

- b) That approval be given to the projected provisional revenue budgets for 2024/25, 2025/26 and 2026/27, set out in Appendix B to the report, including the growth and savings for those years as set out in Appendix C, allowing the undertaking of preliminary work, including business case development, consultation and equality and human rights impact assessments, as may be necessary to achieve the savings specified for those years including savings under development, set out in Appendix D;
- c) That approval be given to the early achievement of savings that are included in the MTFS, as may be necessary, along with associated investment costs, subject to the Director of Corporate Resources agreeing to funding being available;
- d) That the level of the general fund and earmarked reserves as set out in Appendix K be noted and the use of those earmarked reserves as indicated in that appendix be approved;
- e) That the amounts of the County Council's Council Tax for each band of dwelling and the precept payable by each billing authority for 2023/24 be as set out in Appendix M (including 2% for the adult social care precept);
- f) That the Chief Executive be authorised to issue the necessary precepts to billing authorities in accordance with the budget requirement above and the tax base notified by the District Councils, and to take any other action which may be necessary to give effect to the precepts;
- g) That approval be given to the 2023/24 to 2026/27 capital programme as set out in Appendix F;
- h) That the Director of Corporate Resources, following consultation with the Cabinet Lead Member for Resources, be authorised to approve new capital schemes, including revenue costs associated with their delivery, shown as future developments in the capital programme, to be funded from funding available;
- i) That the financial indicators required under the Prudential Code included in Appendix N, Annex 2 be noted and that the following limits be approved:

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Operational boundary for external debt				
i) Borrowing	262	262	275	309
ii) Other long term liabilities	1	1	1	1
TOTAL	263	263	276	310
Authorised limit for external debt				
i) Borrowing	272	272	285	319
ii) Other long term liabilities	1	1	1	1
TOTAL	273	273	286	320

- j) That the Director of Corporate Resources be authorised to effect movement within the authorised limit for external debt between borrowing and other long-term liabilities;
- k) That the following borrowing limits be approved for the period 2023/24 to 2026/27:
- i. Upper limit on fixed interest exposures 100%;
 - ii. Upper limit on variable rate exposures 50%;
 - iii. Maturity of borrowing:-

	<u>Upper Limit</u>	<u>Lower Limit</u>
	%	%
Under 12 months	30	0
12 months and within 24 months	30	0
24 months and within 5 years	50	0
5 years and within 10 years	70	0
10 years and above	100	25

- iv. An upper limit for principal sums invested for periods longer than 364 days is 20% of the portfolio.
- l) That the Director of Corporate Resources be authorised to enter into such loans or undertake such arrangements as necessary to finance capital payments in 2023/24, subject to the prudential limits in Appendix N;
- m) That the Treasury Management Strategy Statement and the Annual Investment Strategy for 2023/24, as set out in Appendix N, be approved including:
- (i) The Treasury Management Policy Statement, Appendix N, Annex 4;
 - (ii) The Annual Statement of the Annual Minimum Revenue Provision as set out in Appendix N, Annex 1;
- n) That the Capital Strategy (Appendix G), Investing in Leicestershire Programme Strategy (Appendix H), Risk Management Policy and Strategy (Appendix I), Earmarked Reserves Policy (Appendix J) and Insurance Policy (Appendix L) be approved;

- o) That it be noted that the Leicester and Leicestershire Business Rate Pool will continue for 2023/24;
- p) That the Director of Corporate Resources, following consultation with the Cabinet Lead Member for Resources, be authorised to make any changes to the provisional MTFS which may be required as a result of changes arising between the Cabinet and County Council meetings, noting that any changes will be reported to the County Council on 22 February 2023;
- q) That the Leicestershire School Funding Formula is subject to capping and scaling and continues to reflect the National Funding Formula for 2023/24;
- r) That the funding rates for Early Years providers, as set out in paragraph 114 of the report, be approved.
- s) That an additional investment of £0.5m for Highways Maintenance be made utilising £0.4m from contingency and the additional £0.1m received for the General Services grant.

(KEY DECISION)

REASONS FOR DECISION:

To enable the County Council to meet its statutory requirements with respect to setting a balanced budget and Council Tax precept for 2023/24, to allow efficient financial administration during 2023/24 and to provide a basis for the planning of services over the next four years.

To enable early work to be undertaken on the development of new savings to address the worsening financial position.

Continuing an unchanged Leicestershire School Funding Formula for 2023/24 will ensure that it fully reflects the National Funding Formula.

To enable rates to be set for Early Years providers for 2023/24.

210. Investing In Leicestershire Programme - Strategy 2023 - 2027

The Cabinet considered a report of the Director of Corporate Resources regarding the Council's Investing in Leicestershire Programme Strategy for 2023 to 2027 (previously known as the "Corporate Asset Investment Fund") which set out the proposed approach to future asset management and acquisitions. A copy of the report, marked 'Agenda Item 5', is filed with these minutes.

The Scrutiny Commission considered a report on the matter at its meeting on 30 January and a draft minute is also filed with these minutes.

Mr Breckon CC said that the investments the Council held within the Programme continued to perform well and the revised Strategy would continue to financially benefit the Authority and support its wider objectives.

RESOLVED:

- a) That the comments of the Scrutiny Commission be noted;
- b) That the Investing in Leicestershire Programme Strategy for 2023-2027 be approved;
- c) That the Terms of Reference for the Investing in Leicestershire Programme Board be approved.

(KEY DECISION)

REASONS FOR DECISION:

The Strategy reflects the changes in the CIPFA (Chartered Institute of Public Finance and Accountancy) Prudential Code, and HM Treasury guidance, the continued development of the Investing in Leicestershire Programme, and the need to manage risk in a positive way whilst continuing to deliver benefits to the Authority.

The Terms of Reference for the Board have been drafted to align with the aims and objectives of the revised Strategy.

211. Passenger Transport Policy and Strategy.

The Cabinet considered a report of the Director of Environment and Transport regarding the recommencement of the review of all the Council's supported passenger transport services against the Passenger Transport Policy and Strategy (PTPS) following a pause whilst service use was affected by the Covid-19 pandemic, and seeking approval for a programme of local focussed engagement/consultation with affected communities ahead of implementation of the review outcomes. A copy of the report, marked 'Agenda Item 6', is filed with these minutes.

Also filed with these minutes are comments from Mr. S. J. Galton CC (minute 209 above also refers) and comments from Mrs A. J. Hack CC and Mr. M. Hunt CC on behalf of the Labour Group.

In reference to the comments made by the Labour Group, the Director said that an independent review of the Policy and Strategy had been previously undertaken by consultants which had concluded that it was fit for purpose. The services under review made up less than 10% of the overall bus network and therefore the overall impact would be small. In response to Mr Galton's comments, she added that if the additional £1 million identified within the MTFS was used to continue services under the current arrangements, it would only delay the reviews for 12 months in which time the County Council would continue to subsidise services, some of which were very poorly used. She added that the proposed actions were not a reduction in budget, rather removing the £1m growth to return the spend to its original total.

Mr O'Shea CC said that whilst he understood the concerns of service operators and users, the County Council had to reduce its spend within the subsidised bus network. He added that a significant number of current subsidised services were poorly used and unsustainable in their current form. Where changes were required following a review, the Council would work closely with communities affected and they would not be left without access to essential services. He added that Leicestershire MPs should recognise the pressures the County Council faced and the need for a fairer allocation of funding.

In response to a question from Mr Pain CC concerning a specific bus service in Fleckney, the Director said that in some instances, funding was requested via s106 agreements to subsidise a bus service over a specific period. If by the end of the period the service was not commercially run, it would be removed, reflecting the fact that the demand was not there. Developer contributions were often also sought to provide low-cost initiatives such as travel packs and free bus passes, but the monies concerned would not be sufficient to be re-purposed to subsidise a service.

Mrs Richardson CC said that a Demand Responsive Transport (DRT) alternative had been introduced within her division and appeared to be working well.

Mrs Taylor CC said that the poor patronage levels was a national issue and if buses were not being used they were not only a drain on the County Council's resources but also a detriment to climate change and there were examples across the County where DRT had been introduced successfully. She added that there was also an onus on bus companies to improve the service they provide, specifically in terms of reliability.

RESOLVED:

- a) That the recommencement of the review of all supported passenger transport services in line with the Council's Passenger Transport Policy and Strategy be noted;
- b) That the proposed programme of local focussed engagement and consultation to inform affected communities of the review outcomes and intended course of action as set out in paragraphs 58 to 66 of the report, be approved;
- c) That it be noted that the Director of Environment and Transport, following consultation with the Cabinet Lead Member, will exercise existing delegated authority to implement the outcome of the service reviews.

(KEY DECISION)

REASONS FOR DECISION:

The PTPS was adopted in October 2018 to ensure the delivery of value for money passenger transport services and to provide a robust and transparent framework for determining decisions on the provision of passenger transport services. In accordance with the PTPS Operational Handbook, a programme of service reviews as set out in the 16 October 2018 Cabinet report commenced in December 2018, but it was then paused in March 2020 due to the onset of the Covid-19 pandemic and the significant impacts it had on patronage and service operations.

The recommencement of the PTPS reviews of all supported bus services, as listed in Appendix A, began in September 2022. These reviews are being undertaken in four batches, the first of which is nearing completion and is likely to result in changes to these services, including the likely withdrawal of some of them.

The outcome of these PTPS reviews against such a challenging financial backdrop will impact the levels of public transport in local communities, therefore, to ensure that service users are made aware of the future changes to supported bus services in their area, it is proposed that a number of route focused community engagement events and where necessary consultation will be undertaken during 2023.

Following the above, the Director of Environment and Transport, following consultation with the Cabinet Lead Member for Highways and Transport, will implement the necessary changes to services in line with delegations approved by the Cabinet in October 2018.

11.00 am - 12.20 pm
10 February 2023

CHAIRMAN