APPENDIX Q

Leicestershire County Council

HEALTH OVERVIEW AND SCRUTINY COMMITTEE 17 JANUARY 2024

MEDIUM TERM FINANCIAL STRATEGY 2024/25-2027/28

MINUTE EXTRACT

Public Health Medium Term Financial Strategy 2024/25 – 2027/28

The Committee considered a joint report of the Director of Public Health and the Director of Corporate Resources which provided information on the proposed 2024/25 to 2027/28 Medium Term Financial Strategy (MTFS) as it related to Public Health. A copy of the report, marked 'Agenda Item 8', is filed with these minutes.

The Chairman welcomed Mrs. L. Richardson CC, Cabinet Lead Member for Health, to the meeting for this item.

Arising from discussion, the following points were noted:

(i) The Public Health Department had 118 members of staff and this figure included the inhouse services that the department provided such as the Quit Ready scheme. Members commended the work that had been carried out by Public Health with that level of staffing.

(ii) Members welcomed the role the Public Health department played in adding value to the work of other County Council departments and the NHS. It was emphasised that more needed to be done to publicise this.

(iii) Members noted the large amount of savings that were projected for the MTFS period 2024/25 to 2027/28 and queried whether these numbers were achievable. In response it was explained that most of those savings had already been achieved for example with the difficult decisions that had been made around the homelessness support service, sport and physical activity programmes and school food.

(iv) A member queried whether Public Health was spending the correct proportion of its budget on tackling obesity. In response the Director of Public Health acknowledged that more needed to be done in this area particularly as the percentage of adults aged 16 and over in Leicestershire that were meeting the '5 a day' recommendations was not as good as hoped. However, there were budget constraints and core costs such as the health visiting service had to be met. The weight management service received more Public Health funding than general obesity campaigns. On the whole the Director of Public Health felt that the balance was the correct one under the circumstances.

(v) In 2023 a procurement process had taken place for the Integrated Sexual Health Service. Whilst there had been expressions of interest at the soft market testing stage, no providers had bid at the final stage. Therefore, a decision had been made to extend the contract of the current provider for a further 12 months.

RESOLVED:

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

(b) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 29 January 2024.

Leicestershire County Council

HIGHWAYS AND TRANSPORT OVERVIEW AND SCRUTINY COMMITTEE

18 JANUARY 2024

MEDIUM TERM FINANCIAL STRATEGY 2024/25-2027/28

MINUTE EXTRACT

Medium Term Financial Strategy 2024/25 – 2027/28

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 2024/25 to 2027/28 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) The financial position of the Council was both complex and sensitive. A Member commented that the growth forecasted in the report was 'frightening' and currently provided for no growth for areas such as highway maintenance in 2026/27 and 2027/28; growth being dominated by increased demand for SEN Transport.

G17 - SEN Transport

(ii) There was substantial growth in the demand for SEN Transport, but this did not appear to be reflected in the demand for Adult Social Care Transport. Members queried whether a delayed increase in number of users for Adults Social Care Transport was being forecast. The Director confirmed that the trend for SEN transport demand was not directly translating into increased transport requirements for adults. The statutory responsibility to provide SEN Transport for children to attend school did not apply to adults and given that the eligibility criteria for adult transport services was different, this was not expected. Members noted, however, that work was taking place between departments to create a better understanding on where there could be knock on effects.

(iii) A Member commented that to reduce the cost of SEN Transport, a key factor would be to understand where the demand for transport came from and where this was going (i.e. to which school). It was suggested that delays in the Education and Health Care Plan (EHCP) process prevented transport needs being met as efficiently as might otherwise be possible. Some children were not able to attend the school located closest to their home and this resulted in increased transport costs. Making late arrangements for transport also added to cost and demand pressures as it was not possible to forward plan and potentially co-ordinate journeys. The Director highlighted that the Children and Families Service had been working hard to reduce the time it took to undertake an EHCP through its Transforming SEND in Leicestershire Programme, and the situation was improving but would continue to be monitored. Members noted the Children and Families Overview and Scrutiny Committee would be considering at its next meeting progress in delivering the TSIL programme.

(vi) The Council operated an in-house transport service which was beneficial and reduced reliance on the private market. It operated a minibus fleet and deployed that as efficiently as possible. A key risk for operating an in-house service was the ability to recruit drivers. When there were a significant number of vacancies, this affected service levels and therefore having a mixed in-house and outsourced operation helped to balance and manage that risk. The position was, however, kept under constant review.

(iv) The current outdated IT system used by passenger transport services was being replaced. Whilst this would be a big programme of work that would take time to bed in, in the longer term this would help make the service more efficient. The new system had in built route optimisation software that would enable officers to plan journeys more easily and efficiently.

(v) The Director confirmed that the pressures regarding SEN and SEN Transport was a national issue. The Association of Directors of Children's Services (ADCS) and the Association of Directors of Environment, Economy, Planning and Transport (ADEPT) had recently submitted recommendations to Government on the changes and improvements needed. The Director undertook to circulate copies of those recommendations to Committee Members so that these could be endorsed.

Savings

ET6 (SR) Ending of HS2 Programme

(vi) The costs incurred by the Authority in relation to the HS2 national scheme related to the small team established to work with effected communities and HS2 Limited as the project developed. The Director confirmed that no further costs had been incurred. The savings now included in the MTFS reflected that this service was no longer needed in light of cancellation of the scheme north of Birmingham by the government.

Capital Programme

(vii) There had been a change in strategy regarding bidding for funding for infrastructure works. Government funding always required the Council to match fund any successful bid. The cost of submitting a bid could also be substantial and there was no guarantee of success. The principal that would now be applied would be that no bid would be submitted in future if it could not be clearly demonstrated that the costs and match funding could be met without the need for Council funding.

(viii) Developer contributions were agreed as part of the planning process for individual developments. It was proposed that in future, the inflation rate applied in those agreements would be subject to a calculation that would allow for rising inflation, given that some developments took years to come to fruition. At present, the inflation rate was set at the point of completion of the agreement. Rising inflation meant that the contributions agreed did not meet the subsequent costs incurred by the Council in delivering the agreed infrastructure. Members supported the change in approach and agreed that the level of contribution should reflect the costs being incurred at the point of delivery. Members noted that in future the Council would also not deliver the infrastructure until much later when contributions had been received rather than forward funding infrastructure.

(xi) It was noted that the tender for works required to Zouch bridge had closed. An evaluation of those tenders would now be undertaken following which a decision would be made on how to proceed. It was too early in the process to know whether the tenders would come in within budget.

RESOLVED:

a) That the report on the Medium Term Financial Strategy 2024/25 -2027/28 be noted;

b) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 29 January 2024;

c) That the Director for Environment and Transport be requested to Committee Members copies of the recommendations raised by the Association of Directors of Children's Services (ADCS) and The Association of Directors of Environment, Economy, Planning and Transport (ADEPT) in relation to SEN Transport so that these could be endorsed.

Leicestershire County Council

ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE

22 JANUARY 2024

MEDIUM TERM FINANCIAL STRATEGY 2024/25-2027/28

MINUTE EXTRACT

Medium Term Financial Strategy 2024/25 – 2027/28

The Committee considered a joint report of the Director of Adults and Communities and Director of Corporate Resources which provided information on the proposed 2024/25 to 2027/28 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 the item.

Arising from discussion, the following points arose:

Proposed Revenue Budget, Other Changes and Transfers

(i) Members questioned if the revenue budget had been compiled included pay and inflation increases. The Director reported a contingency for pay and inflation was held centrally and allocated in year when the budget was set.

(ii) Members acknowledged the challenge faced with external factors outside the control of the authority affecting ever-diminishing resources.

Growth

(iii) A Member questioned the appeared lack of rehabilitation being provided to patients on discharge from hospital which had to be picked up by family members. The Director reported that the NHS had pressures which it had to address, and that there was a different discharge process post pandemic, whereby a discharge decision used to be multi-disciplinary was now an NHS decision, which had caused some problems on the over-prescription of care on discharge. It was noted the Council had worked closely with NHS colleagues over the past 12 months on the three ‘Rs’: Rehabilitation, Reablement, Recovery elements. Community hospitals had recently provided additional beds for rehabilitation and recovery.

(iv) There had been some changes to the way NHS out of hospital services have been commissioned. It was reported that pre-pandemic there had been a substantial amount of community nursing and therapy services that would work with people on discharge, but that service was no longer available. However, resources had been re-directed to the development of virtual wards which had been very successful, for example, working with people with respiratory and coronary conditions. The NHS were also under immense pressure with regards to waiting lists and people waiting for various forms of treatment. The Council was working with the NHS to address totality of need, but there was a £3.2million shortfall of funding as outlined at paragraph 34 in the report.

(v) Members queried the 30% year-on-year growth in older people demand and asked how the increase was calculated. It was reported that in order to forecast growth, finance worked on the number of service users and average costs, and used a national formula on the prediction of the number of people coming through as new entrants, which would usually be different each year.

(vi) Members queried the Discharge Fund increasing by 50%. It was reported that the growth figure was actual demand and costs which was then netted off with extra money from the NHS further down in the accounts. It was noted that the Discharge Fund was limited to certain periods of time.

(vii) Members noted the increase in costs over the next few years and asked if enquiries had been made of central government for additional money. The Director reported that conversations had been held with the Department for Health and Social Care and the Department for Levelling Up, Housing and Communities, neither of which had suggested there would be any more funding made available. It was further noted that much of the social care funding for 24/25 had been announced in 2022/23, a two-year settlement at that point. The Director commented that he was not aware of any additional funding coming through, though every opportunity would be explored by the Leadership of the Council.

(viii) The Director reported that considerable savings had been made in the past through the Target Operating Model, thought to be in excess of £10million, though likely to be much more when applying inflation. It was noted that this had alleviated some of the budget pressures being experienced currently.

(ix) Members noted that the increase in the National Living Wage (NLW) added significant pressure on the Council's budget, in particular for adults social care. This was because the majority of social care services were delivered on the basis of the NLW for care staff, of which there were in excess of 17,000k care staff the Council supported through contracts. The NLW was set to cost the Council over £20million, which was more than the Council could raise through the adult social care precept on Council Tax.

Adult Social Care – Savings

(x) A Member queried under AC16 (Eff) how the demarcation between care and non-personal care was made, and how, if the situation arose that a person would not do a job because it wasn't allocated to them would be addressed, or if a person on a lower hourly rate was being sent some distance to undertake a five-minute job. The Director confirmed that each individual circumstance would be looked at on its own merits, and that nothing would be implemented without reviewing all roles prior to any changes being made. It was noted that home care fee rates in the county compared well with other authorities, with upwards of £26 to £27 an hour being paid which, if being used for shopping, could be delivered through working with the volunteering community sector for £15 to £20 per hour, therefore some significant savings could be made, but only if not detrimental to the individual.

(xi) A Member questioned under *AC6 (Eff) – Direct Payment Commissioning Efficiencies, if surplus balances would be taken back from people. The Director reported that the review of Direct Payment packages was undertaken every year and was considered to be good housekeeping. It was noted that people were given direct payments into a bank account to pay for their own care with a contingency of at least four weeks in advance. Where people built up a surplus balance, they would be asked to return anything they had not used over what would need to cover their next four weeks of care, the sums of which could be in the thousands of pounds of public money. Members noted that largely people returned it when requested to. Over £40million had been made in Direct Payments, with around 3-4% being returned. It was further noted that if people were given the opportunity to purchase care, they would often purchase less than when Adult Social Care services arranged it, often relying on family and friends instead. Members raised a concern that, if people were not spending the money sent to them, were they receiving adequate care. Members requested that during the course of the year, a report on direct payments be brought to the committee to allay the concern that Members had made.

<u>Communities and Wellbeing</u>

(xii) In response to a Member's query regarding *AC19 (SR) Review Green Plaque Service, and if sponsorship had been considered, the Director reported that sponsorship had been looked at with potentially joining or integrating with some of the district council that ran similar schemes in the past. However, this had not been a viable option. Other options had also been considered before ceasing the service, the decision for which had been made in the previous financial year by full Council, though it had only recently been implemented.

<u>Savings Under Development</u>

<u>Transitions Review</u>

(xiii) Members noted the work to be undertaken over the next 12 months with Children and Family Services to look at the way people moved from Children's Services into Adult Services. The Director confirmed there would be no changes until the outcome of the review was known.

Health and Social Care Integration

Better Care Fund

(xiv) Members noted that the BCF at £82.5million for 2024/25 and £22.9million as a minimum contribution of the NHS allocation would be used to sustain adult social care services, with a further £8million of NHS funding going towards adult social care services, therefore it was vital the funding was maintained.

Other Funding Sources

(xv) Members noted the smaller grants expected for 2024/25 which were received to sustain adult social care services, the most significant of which was the market sustainability improvement fund worth over £10million.

Capital Programme

(xvi) Members noted the main source of external funding of the capital programme totalling £22million was the BCF grant programme of £19.4million passported directly through to district councils for the disabled facilities grant, leaving a balance of just under £3million of discretionary funding to be used for the social care investment programme.

Future Developments

(xvii) Members noted the disabled facility grants had brought in a substantial amount of money to the district councils, and the way the scheme had run, particularly Lightbulb, and the way the County Council worked with district councils was exemplary.

RESOLVED:

a) That the report regarding the Medium Term Financial Strategy 2024/25 to 2027/28 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 29th January 2024;

c) That the Director be requested to provide a report on Direct Payments to a future meeting of the Committee.

Leicestershire County Council

CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY COMMITTEE

23 JANUARY 2024

MEDIUM TERM FINANCIAL STRATEGY 2024/25-2027/28

MINUTE EXTRACT

Medium Term Financial Strategy 2024/25 – 2027/28

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 2024/25 to 2027/28 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 Revenue Budget

i. The Director emphasised that increased financial controls, which the Council had introduced around recruitment, procurement and non-essential spend in order to address the Council's funding gap, were in addition to the financial controls the Department had in place for a number of years. Members noted that all financial controls would be reviewed on an ongoing basis.

Growth

ii. Members noted that 135 individuals over the age of 18 were being cared for by the Council and that this was funded through the Unaccompanied Asylum-Seeking Children (UASC) budget. The Council supported these individuals as they were classed as care leavers. Some of these young people had not yet had their asylum claim processed by the Government, and therefore could not work, claim benefits, or live independently. The Cabinet Lead Member for Children and Families had written to the Secretary of State to seek a resolution as the situation would continue to negatively impact lives and contribute to the financial growth pressure in relation to the UASC budget.

Savings

iii. The Director confirmed that 23 in-house placements would be created over the next five years through the Children's Innovation Partnership (CIP) with

Barnardo's which it was anticipated would reduce reliance on the private sector The aim was to build homes in Leicestershire so that children and young people in care could continue to live within their communities.

iv. In response to a question relating to whether CIP would be expanded to further reduce reliance on the private sector, if the expected savings were made, the Director explained that CIP would continually review the roll-out of homes in order to reduce costs and support children with complex needs through in-house placement provision.

v. In response to concern relating to the demand for tribunals within the SEND Service, the Director explained that a saving of £0.1m in 2025/26, rising to £0.4m by 2027/28, had been identified as part of the Transforming SEND and Inclusion in Leicestershire (TSIL) programme, which was likely to result in longer term reduction in demand. The TSIL programme would aim for children and young people to be placed within the correct provision at the correct time, and for a greater level of engagement with parents, carers and schools, which was anticipated to reduce the number of tribunals and as a result would have a reduced cost to the Service.

vi. The Director assured members that the Department had undertaken analysis on tribunals and that in the majority of cases a tribunal had been requested due to parents or carers having not agreed with a decision the Council had made relating to specialist provision or an EHCP (Education, Health and Care Plan). Members noted that the Council was responsible for its own costs associated with the tribunal process and that parents would be responsible for the cost of seeking independent advice. The Director acknowledged that the Department needed to find ways to work with parents differently to avoid tribunals, including earlier engagement, improved mediation and conflict resolution. Members noted that delays experienced within the system would result in complaints received by the Service, rather than leading to tribunal.

vii. A member suggested that despite resource challenges and the national shortage in the availability of Educational Psychologists, that there would still be a requirement for supporting parents and carers, as well as schools, with thorough and accurate assessments for EHCPs. The Director acknowledged this point, and assured members that the Department would continue to work with parents, carers and schools and focus on allocating the most appropriate level of support to children and young people at the correct time.

<u>High Needs</u>

viii. Members noted that there was an error in the table on page 30 of the report. The Savings Achieved at Annual Reviews in 2027/28 should have read -380 (£,000).

ix. A concern was raised regarding the impact that anticipated savings from a reduction in the number of early years specialist starts would have on children. In response, the Director assured members that, where an assessment had identified that a child required specialist provision, they would be placed within a specialist setting to meet their need. The savings identified related to children where an assessment had identified that they could have their needs best met elsewhere within the system, for example in a mainstream setting. Members noted that diagnostic work conducted as part of the TSIL programme had identified a number of cases where children could have been placed in a different setting or remained in mainstream if earlier support had been provided. The Director assured members that children currently placed within provision would not be moved out of provision that was currently meeting their needs, and that the changes would apply to newly assessed children to ensure they were placed in settings that could meet their needs.

x. Concern was raised that a reduction in the number of non-early years specialist starts may not deliver the anticipated savings and could place pressure on mainstream settings. The Director assured members that the Department would ensure children were placed in the right setting to meet their needs and that costs would be avoided by not placing children in provision that was not necessary to meet their identified needs. Diagnostic work conducted by the Department, in partnership with Newton Europe, had identified that some children within specialist provision could have had their needs met within a mainstream setting. The Director emphasised that the work taking place was about getting it right for children at the earliest possible time and ensuring children would be placed in settings that met the needs identified in the EHCP. Members were assured that the placement budget would continue to be utilised to support children according to their needs. It was anticipated that savings would be made through ensuring each child was receiving the right provision to meet their needs.

xi. Members noted that following the expected end to the Statutory Accounts Override, in March 2026, the budget deficit would no longer be ringfenced from the Council's core budget.

<u>Capital Programme</u>

xii. Members noted the information provided at paragraphs 103 to 111 in the report.

RESOLVED:

a) That the report regarding the Medium Term Financial Strategy 2024/25 – 2027/28 and information now provided be noted;

b) That the comments now made be forwarded to the Scrutiny Commission for consideration at its meeting on 29 January 2024.

ENVIRONMENT AND CLIMATE CHANGE OVERVIEW AND SCRUTINY COMMITTEE

24 JANUARY 2024

MEDIUM TERM FINANCIAL STRATEGY 2024/25-2027/28

MINUTE EXTRACT

Medium Term Financial Strategy 2024/25 – 2027/28

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 2024/25 to 2027/28 Medium Term Financial Strategy (MTFS) as it related to the Environment and Waste Management Services within the Council's Environment and Transport Department. The report also sought the Committee's views on proposals to recommend to the Cabinet that the Council's net zero target dates be revised from 2030 to 2035 for the Council's own emissions, and from 2045 to 2050 for the County's emissions, in light of the Council's wider financial position. A copy of the report, marked 'Agenda Item 8', is filed with these minutes.

The Chairman welcomed Mr. B. L. Pain CC, Cabinet Lead Member for the Environment and the Green Agenda and Mr. N. J. Rushton CC, Leader of the Council to the meeting for this and other items.

In presenting the report, the Director explained that the environment aspects of the MTFS related to the Environment and Transport Department only and not the wider environmental activity across the Council.

Arising from discussion, the following points were raised:

Revenue Budget

i. The premium paid as part of the package to recruit and retain HGV drivers had helped the Council to be more competitive in the marketplace, although it could not compete with the attractive offers made by the bigger private sector operators in the area. Staffing overall was near full complement with the use of the premia and agency staff, but in such a competitive market, it was a challenge. Overall, the service was coping from a driver perspective by paying the premium and by using agency staff. However, there was a shortage of managers and frontline staff. Overall, 20% of vacancies were currently filled by agency staff. The Department preferred to keep the level of agency staff to 10%. Other amendments had been made to the recruitment package, such as changing contractual hours to a four day on/four day off contract, which reflected what was offered in the wider marketplace and enabled the Council to compete.

ii. Regarding the free disposal of DIY waste following the change in legislation from 1 January 2024, Members expressed concern about the volume that households could now potentially deposit at RHWS which would increase the Council's costs and were informed that households were restricted to four visits in a four-week period.

Growth

iii. Pre-existing arrangements were in place to manage the disposal of asbestos at certain Council Recycling and Household Waste Sites (RHWS), and details were available on the Council's website for the public to follow. This was not charged for at the same rates but had been included in the new process now in place linked to the legislation for the disposal of DIY waste. All items known to include asbestos, including artex, were covered within these arrangements with a need to have a permit for removal and disposal for health and safety reasons.

Savings/Savings under Development

iv. The income from the sale of items from the RHWS for reuse was included under ET9 'service approach', which was a broad description in the budget and included savings linked to reuse of items. The Director agreed to amend the descriptor for clarity.

v. Members expressed concern that income from the disposal of trade waste could be reduced if traders used the new legislation for the disposal of DIY at RHWS to dispose of their waste. The Director assured members that trade waste services were only available at Whetstone Transfer Station and that it had a unique trade point in the market. The RHWS across the county did not accept trade waste at any of the sites. RHWS staff monitored people disposing of waste, so could identify traders using the wrong facilities. Additionally, Automatic Number Plate Recognition (ANPR) was used to provide vehicle count data and monitor service usage levels. A report would be presented to the Committee in March on the removal of charges for DIY waste and related work.

Other Factors Influencing MTFS Delivery/Other Funding Sources

vi. A member expressed concern that the report proposed an extension to the net zero target dates by five years and stated that achieving the original target dates should be the Council's top priority. Other members added that, whilst they understood the concerns expressed, they recognised the importance of making savings to balance service delivery and the needs of residents within the resource envelope available to the Council.

vii. Mr. B. L. Pain CC, Cabinet Lead Member for the Environment and the Green Agenda, highlighted the many achievements made to date in working towards the Council's net zero targets, He added, however, that despite these many achievements, it was recognised that the Council was off track in achieving the net zero targets overall. In light of the financial challenge facing the

Council there was a need to extend the Council's targets to be in line with national targets. Mr. N. J. Rushton CC highlighted that the Council had achieved a great deal in working towards the Council's net zero targets. However, with a growth bid in this area of £475,000, which was not possible to meet, the targets needed to be revised. He added that, if the growth bid was met, then the money would need to be identified from another budget within the Council which would then be reduced. The Director of Corporate Resources clarified that the £475,000 related to the cost of the team working on the environmental agenda and not the cost to the Council of conversion to net zero, which could not be costed but was way beyond the Council's means and could not be met without Government legislation and funding.

viii. Members were assured that a report on the reprioritisation of activity under the net zero targets would be brought back to the Committee, before being presented to the Cabinet and Council.

ix. The Emissions Trading Scheme was a form of taxation on the energy from waste (EFW) sector, following on from the Government's successful use of landfill taxes to reduce the amount of waste sent to landfill. More detail was expected from the Government, but it was likely that the increased taxation would be passed on from the EFW treatment facilities to the County Council via an increase in the gate fee, which is a fee charged by the treatment facilities to accept waste from waste disposal authorities.

x. The Committee commended staff for the range of activity being undertaken with waste recycling.

Capital Programme

xi. Regarding the expenditure detailed in paragraph 35 table 3 for lighting, this related to the improvements to the lighting provision within RHWS and not payment for lighting/electricity use which was funded out of the revenue budget.

xii. A Member expressed concern about the increase in traffic and the need for improvements to the road and entrance to the Kibworth RHWS should the proposal to close the Market Harborough RHWS be approved. The Director assured members that a traffic assessment had been completed for all RHWS as part of consideration of the proposals. This showed that the entrance to the Kibworth site could cope with the additional traffic flow and that there were no additional measures needed.

RESOLVED:

a) That the report regarding the Medium Term Financial Strategy 2024/25 – 2027/28 (MTFS) and information now provided be noted;

b) That the comments now made regarding the MTFS, including proposals to revise the Council's net zero target dates, be forwarded to the Scrutiny Commission for consideration at its meeting on 29 January 2024.

Leicestershire County Council

SCRUTINY COMMISSION

29 JANUARY 2024

MEDIUM TERM FINANCIAL STRATEGY 2024/25-2027/28

MINUTE EXTRACT

Medium Term Financial Strategy 2024/25 – 2027/28

The Commission considered a report of the Director of Corporate Resources which provided information on the proposed 2024/25 – 2027/28 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, and Cabinet Lead Member for Resources, Mr L. Breckon CC, to the meeting for this item.

In presenting the report the Director commented that this was the hardest budget he had ever had to present so far and that unfortunately the forecast was that the pressures on the County Council and local government generally would likely continue for the foreseeable future. In the last three years, the Council had been able to balance at least two years of the MTFS when this had been presented for approval. Unfortunately, this had not been possible this year and for the first time, the budget next year could only be balanced with the use of reserves. Members noted that for 2025/26 the Council had a £33m funding gap and urgent action was therefore needed to address this.

The Director reported that since the report had been circulated, the Government had announced an additional £600m for local government, £500m of which would be to support social care services. It was not yet clear how much would be specifically allocated to Leicestershire, but this would be confirmed following the final local government finance settlement which was expected in early February. Members noted that whilst the additional money was welcomed, this would simply be used to reduce the Council's current shortfall.

Arising from discussion, the following points arose:

Corporate and Central Items

(i) The Council budget for income from ESPO was approximately £800,000 for the current year, with a stretch target of £900,000 for 2024/25. It was on track to meet ese targets.

(ii) The contingency for inflation and national living wage was expected to be used each year. This was currently an estimate and so was held centrally until the pay award, and other factors had been confirmed. It would then be allocated to departments as appropriate. Members noted that the contingency was reviewed and reset each year. Any amount not spent would be released to departments in year.

Earmarked Reserves

(iii) Concern was raised regarding the cumulative deficit of £112m, forecast for the final year of the MTFS, in the dedicated schools grant (DSG) High Needs budget. It was noted that the Government had implemented a statutory override but that this was temporary until 2026. It was not yet clear whether this would be extended. Members noted that this was a national issue and that there was some uncertainty as to how the Government intended to deal with this. At present the deficit was held off the Council's balance sheet but without the statutory override in place, it would be a liability that would need to be paid by the Council.

(iv) The Director reported that much was being done within the Children and Family Services Department to address the rise in demand and costs associated with SEN Services. Good progress was being made and a targeted reduction in annual spend of £10m had been set. However, the DSG would still not meet the level of spend in this area which was entirely demand led.

(v) Some members commented that this issue had been considered by the Council's Corporate Governance Committee the previous week as part of its consideration of the external audit of the Council's accounts. The external auditors had highlighted this as the biggest risk facing the Council but had recognised that this was not an issue unique to Leicestershire and had assessed the County Council as being in a much stronger financial position than most others in managing this. A member commented that councils simply didn't have the resources to address this deficit which nationally was in the region of £4.6billion given its limited ability to raise additional income through council tax and suggested that this was therefore a matter for the Government.

Capital Programme

(vi) The Council would be receiving additional funding following cancellation of Phase 2b of HS2. This would largely be for additional highway maintenance works. The amounts would be relatively small in the first two years (approximately £2m and £2.5m) but this was expected to increase thereafter. The actual allocations to be received in future years had not yet been confirmed by the Government.

(vii) A Member commented that the Leicester City Mayor's unwillingness to support a level 3 devolution deal for Leicester and Leicestershire meant that the people of Leicestershire were losing out on significant infrastructure funding. The combined county authority involving Nottingham City, Nottingham County, Derby City and Derbyshire County Councils (D2N2) would receive £1.1 billion in funding over the next 10 years *[subsequently confirmed to be 30 years].* Not participating meant that Leicestershire would not have access to that funding or have the ability to bid for other funding made available by Government for combined authorities in year although it would be difficult to assess the actual level of lost funding

(viii) The Leader agreed that the Council had been disadvantaged by not securing a level 3 devolution deal. The legislation required Leicester City and Leicestershire County to be considered as a functional economic area and so the County Council could not secure such a deal without the support of the City Council Mayor. The possibility of joining the D2N2 deal at a later date was mentioned. The Leader pointed out that, even if that were to be agreed, it would come with risk as the County Council would hold a minority vote. Therefore, all that was currently available was to secure a level 2 deal which still subject to the agreement of the City Council and Rutland Council.

(ix) A Member questioned how the Council strategically planned for local infrastructure, particularly schools and SEND provision which were sometimes located some considerable distance from where people lived. The Director confirmed that a corporate group had been established some time ago to plan for all types of infrastructure across the County which was needed to meet identified growth. This included early discussions with district councils as they developed their local plans to ensure these were mindful of the costs of delivering such infrastructure. Members noted that SEND provision was subject to some specific considerations including whether there were adequate numbers of children with similar needs living in a particular area that would mean building provision in that area would be viable.

(x) Officers through the Children's Social Care Investment Programme were looking to increase inhouse provision of residential homes. This would not meet all demand and some outsourcing would always be necessary to meet the varied and complex needs of some children. The commissioning approach within the Children and Family Services department was also therefore being improved and strengthened.

(xi) The Council developed area strategies to collect contributions from multiple developers for specific areas for the range of infrastructure requirements required. The Director confirmed that this was being developed in coordination with district councils and was considered a key factor in ensuring appropriate section 106 funding was secured to meet the costs of delivery.

(xii) It was recognised that a significant issue for the County Council was the viability of housing and the push by developers to seek to reduce section 106 developer contributions. The Leader commented that the Council no longer had sufficient capital resources to build infrastructure and so it would in future be reliant on section 106 funding coming in before works could start. This would unfortunately mean that the use of existing assets would be stretched as forward funding and the early delivery of schemes was no longer financially possible. A Member suggested that a briefing on the development of area strategies would be of benefit for all members.

Budget Consultation

(xiii) Members noted that 450 responses to the consultation had been received and challenged whether this could be considered representative of the residents of Leicestershire. It was noted that a light touch consultation had been undertaken and a more detailed exercise was held every four years which provided more detailed feedback. The responses received, although few, were in line with comments previously received.

RESOLVED:

(a) That the comments now made be submitted to the Cabinet for consideration at its meeting on 9th February 2024;

(b) That an all member briefing be arranged regarding the development of area strategies to support future infrastructure planning.

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 2024/25 – 2027/28 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 and Lead Member for Resources, the Chairman welcomed the Lead Member for Regulatory Services, Mrs D. Taylor CC and the Lead Member Community and Staff Relations, Mrs P. Posnett CC, to the meeting.

Arising from discussion and questions, the following points arose:

Proposed Revenue Budget

(i) Members noted that Strategy and Business Intelligence covered a broad area of work including business intelligence, the Communities and Policy teams, the Resilience service (the County Council acting as host to the

Leicester, Leicestershire and Rutland Local Resilience Forum and Partnership), and the Growth Service. These helped to secure funding, supported the delivery of large scale projects, such as Broadband rollout, and worked with partners and the voluntary sector. A Member commented that these were not statutory services and this section generated the highest cost for the Department but was not expected in the current MTFS to deliver any savings. It was suggested that an update on this service area would be beneficial to better understand the breadth of work delivered.

(ii) The Council's contribution to the Leicester and Leicestershire Place Marketing Team was included within the Strategy and Business Intelligence budget. This amounted to approximately £60,000 per year as well as two seconded officers. A Member commented that tangible examples of what this partnership delivered would be helpful. It was noted that these would be provided in the next annual report on the performance of the organisation as had been previously requested by the Commission.

(iii) In response to questions raised, the Director confirmed that the Department currently employed approximately 250 FTE staff excluding registrars on zero hour contracts.

(iv) Members welcomed the work of the Trading Standards service and noted that, in light of the Government's recent announcement to ban the sale of disposable vapes, the work of the service would increase further. Some additional funding had been allocated to enable the service, in conjunction with East Midlands Airport, to tackle the import of such products. However, members noted that the service was already stretched and had limited staff to cover all areas of enforcement. A triage approach would therefore be adopted to prioritise those areas that gave rise to the most risk.

(v) It was noted that Trading Standards was responsible for food standards whilst district councils were responsible for food hygiene. The service worked closely with district council environmental health officers given there was some cross over in this work, particularly when coordinating inspections. It also worked closely with other partners, such as the police, in tackling doorstep crime and rogue traders, and East Midlands Airport border force and HMRC to tackle issues such as illicit tabaco.

(vi) It was noted that the recruitment of solicitors continued to be an issue, particularly in areas such adult and children's social care, with some posts having to be readvertised a number of times. Case levels had also significantly increased. Members recognised the need to ensure legal cases were continuously being managed and therefore any gap in service had to be temporarily filled through the use of locums or by outsourcing work to the private sector, both of which were costly to the Council. The Director confirmed that the corporate incentive programme had been used to enhance salaries to make the positions advertised more competitive. This had resulted in some improvements.

(vii) The new Biodiversity Net Gain Regulations would come into force in April 2024. The County Council would be the lead local authority and was therefore in the process of reviewing the limited guidance currently available and establishing an advisory service. This would be a chargeable service and no costs were therefore accounted for within the MTFS. Over time it was expected this service could generate an income for the Council.

RESOLVED:

That the comments now made by the Commission be submitted to the Cabinet for consideration at its meeting on 9th February 2024.

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

The Commission considered a report of the Director of Corporate Resources which provided information on the proposed 2024/25 – 2027/28 MTFS as it related to the Corporate Resources Department. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

The Chairman welcomed the Leader and the Lead Member for Resources who remained present for this item.

Arising from discussion and questions, the following points arose:

<u>Savings</u>

(i) A Member raised challenged the scale of the savings required to be made by the Department given that some of the services it provided were discretionary, not statutory. The Director commented that the overall budget for the service was £30m, and an ongoing saving of £3m had been identified which was therefore significant given that this would be a year-on-year reduction in spend of 10%. The identification of further savings was also being considered for future years.

(ii) Ways of Working – A Member questioned if the planned capital investment of more than £5.5m on the Ways of Working programme was justifiable against a forecasted saving of £70,000 in 2024/25 rising to £780,000 from 2025/26 onwards. The Director commented that this was the additional saving from 2024/25 and that savings had also been made in previous years. The current MTFS showed what was a short term capital investment to support this saving. However, this would be balanced against the generation of an increasing, long term revenue income stream, as well as long term reduced costs to the Council. Members noted that most of the investment costs included within the MTFS related to improved IT infrastructure which would be necessary to support improved service delivery. Improvements in IT related to updating staff laptops, which had a natural life cycle, and improvements to the network infrastructure.

(iii) Members noted that the Programme delivered a range of benefits in addition to the financial benefits outlined. These included increased productivity of staff, the improved recruitment and retention of staff, and a reduction in carbon and overall operating costs. It was noted that an update on the Ways of Working Programme would be provided to the Commission in April.

(iv) The models of IT were changing and there was a gradual move from capital investment to a revenue cost as more was hosted off-site with third party providers. Members noted that a significant amount of spend was now targeted towards security. The Director undertook to address this as part of the Ways of Working update to be provided in April.

(v) A Member questioned what options had been assessed as part of the business case for the Programme and whether there were any opportunity costs being lost in retaining the current office space. The Director commented that a balance had been struck between the capital value of the County Hall campus against the cost and disruption to services of relocating staff to a new site.

(vi) Review of mobile phones – A tender exercise had been undertaken 3 to 4 years ago which had significantly reduced the cost of mobile phones used by staff. The use of handsets had increased during the covid pandemic (from approximately 2,300 to over 3,000). Efforts were now being made to reduce those numbers where possible. However, it had to be acknowledged that working arrangements had changed during that time, particularly in the field of social care, and staff were using devices more regularly to engage differently with service uses including, for example, by using WhatsApp. This was proving beneficial and so the savings had to be balanced against a new service need.

(vii) Union Representatives – Some Members challenged why the Council funded employee union representatives and provided them with facilities within County Hall, suggesting that this should be paid for out of union members subscriptions, not council funding. The Director reported that the Council currently funded 4 full time union representatives at a cost of approximately £160,000/£170,000 pa. They were also given use of reasonable facilities within the building. This was common for local authorities of this size and complexity.

(viii) Given the degree of service transformation that had taken place across the Authority over the last decade, it was suggested that the input of union representatives had been valuable, and they played an important part in ensuring good employee relations, especially during significant periods of change. It was noted that approximately 30% of staff were members of a recognised trade union. However, when reaching collective agreements with trade unions this benefited all staff and the reach of union representatives therefore went beyond the 30% who were registered members.

(ix) The Leader commented that the amount spent to fund trade union representatives was good value. Relations with all trade unions had been good and they provided a useful channel through which to communicate, negotiate and engage with staff. Given the concerns now raised, however, the Leader understood to consider the matter.

[At this point in the meeting Mrs A. Hack CC declared an Other Registerable Interest as a GMB union member. Mr R. J. Richardson also declared he was a union member.]

(x) Traded Services - A Member commented that the Council's commercial traded services were costing the Authority a significant amount but generating very little in revenue return. It was questioned whether the Council could efficiently run services of this nature. Members noted that the school meal service had generated a good income in the past for the Council but had been hard hit by the covid pandemic and subsequently affected by food inflation and increases in the national living wage. The Director highlighted that the services did have a dual purpose and were not entirely commercial. Whilst required to generate an income, they also provided wider benefits, school food and outdoor activities at Beaumanor being examples.

(xi) A Member challenged the losses made by the school meal service and questioned what action had been taken to rectify contracts which had not accounted for the significant rise in food inflation costs. It was noted that an update on the performance of the service was the subject of a separate report elsewhere on the agenda for this meeting.

Capital

(xii) ICT – The investment allocated was largely to address end of life replacement, capacity growth and upgrades. This was not an investment to generate future savings, but necessary to improve efficient ways of working and ensure systems were robust and secure.

(xiii) Property Services – A Member questioned what challenge took place when considering whether or not to carry out works to a property and if the sale of that property was also considered. It was noted that new windows at a cost of £85,000 were to be installed at the Basset Centre in Wigston. The Director provided assurance that robust reviews were undertaken of every property before works were carried out. In this instance, the property was not empty but used as a locality office by the registrar and social workers and also housed the Memphis Centre. The works had therefore been considered appropriate in respect of this property.

RESOLVED:

That the comments now made be submitted to the Cabinet at its meeting on 9th February 2024 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 for 2024/25 – 2027/28 so far as this related to the County Council departments. A copy of the minutes extracts is filed with these minutes.

The Lead Member for Resources reiterated the financial pressures faced but emphasised that the Council had taken prudent decisions year on year and it was therefore in a strong position compared to many. Scrutiny had played a key role in challenging these difficult decisions which provided a good level of assurance. The Lead Member emphasised that the Director of Corporate Resources as the Council's section 151 officer was able to give assurance that the budget estimates were robust and earmarked reserves adequate. The Lead Member further thanked officers and the Chairs of each scrutiny committee for their input into the process which had been in depth and valuable.

The Chairman and the Chairs of the scrutiny committees thanked officers that had worked well under tremendous pressure and had continued to deliver change in the face of considerable financial constraints.

RESOLVED:

That the comments now made be submitted to the Cabinet for consideration at its meeting on 9th February 2024.

Draft Revised Investing in Leicestershire Programme Portfolio Management Strategy 2024 - 2028

The Commission considered a report of the Director of Corporate Resources which sought members views on the revised Investing in Leicestershire Programme Portfolio Management Strategy 2024-28 which set out the proposed approach to future asset management and investment. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

The Chairman welcomed Mr Phillip Pearson, of Hymans Robertson, to the meeting. Mr Pearson provided a presentation on the external review of the Council's property portfolio performance, and a copy of the slides is attached to these minutes.

Arising from discussion, the following points arose:

(i) A member raised concern regarding the underperformance of the Council's rural estate which despite good capital appreciation, showed a net income of -1.7%. Mr Pearson commented that rural property had an important part to play in the Council's portfolio. Hymans Robertson had recommended maintaining the current allocation on the basis this was proportionate for Council's portfolio and it aligned with the non-financial aims of the Strategy. However, it was important that every property in the portfolio contributed and where this was no longer the case, a plan would be put in place to address this, which might result in a disposal.

(ii) The Lead Member for Resources highlighted that a lot of the Council's rural estate fell within district council emerging local plans and had been allocated for projects such as the Melton Mowbray Distributor road.

(iii) In response to a question, the Director advised that the Snibston Café did not fall within the IILP Portfolio but formed part of the Council's Country Parks estate.

(iv) Carrying out repairs or refurbishments to properties could be costly. Consideration would therefore be given to whether, once those works had been carried out, a property would likely generate an acceptable financial return or have an otherwise positive impact in line with the Strategy's aims. If this was not the case, the property might simply be sold.

(v) Costs relating to the sale of a property or the costs to repair, maintain or refurbish, would be reflected in any business case put forward when considering whether to carry out works. This ensured all options were properly costed and assessed before a decision was taken on the appropriate way forward.

(vi) Selling a property placed significant demand on officer time. The Council therefore operated a rolling programme of asset reviews to ensure the whole portfolio was reviewed and actions taken over a long term to spread the costs and resource demand.

(vii) A Member challenged what social benefits were being delivered by the Programme given that most investments within it were of a commercial nature. It was noted that the Council would not seek to compete with the private sector but looked to maximise the use of its existing assets to help generate economic growth (its development at Leaders Farm being an example), particularly where external funding was available (for example, Airfield Farm had benefited from European Development Funding). In turn it was hoped that such economic investment would then bring about wider social benefits.

(viii) The Programme was reaching its capital investment limit. Consideration was therefore being given to increasing the focus on the existing estate, including some invest to save projects. A key area of focus was, for example, the purchase of residential properties to support adult and children's social care accommodation needs, although this fell under the Social Care Improvement Programme (SCIP).

(ix) In response to questions raised the Director confirmed that the Programme consisted of a mix of treasury management and directly owned property investments, and a significant amount of the property included had been owned by the Council for a number of years before the Programme had been established. These investments had been grouped together within the Programme to provide a balanced and diverse portfolio which helped to manage risk.

(x) The Director confirmed that the Lutterworth East SDA would be a multiyear development and the Council had yet to decide how go move this forward given the delays caused by the Covid-19 pandemic and subsequent inflation and cost increases. Options were currently being looked at and a proposal would be put forward over the next few months for members consideration.

RESOLVED:

(a) That the presentation provided on behalf of Hymans Robertson regarding its external review of the Council's Investing in Leicestershire Programme be noted and welcomed;

(b) That the comments now made be submitted to the Cabinet for consideration at its meeting on 9th February 2024.