

SCRUTINY COMMISSION – 4 SEPTEMBER 2024**MEDIUM TERM FINANCIAL STRATEGY – BUDGET MONITORING AND MTFS
UPDATE****MINUTE EXTRACT**

The Commission considered a report of the Director of Corporate Resources the purpose of which was to provide an update on the County Council's short and medium term financial position in light of the current economic climate. The report also detailed the changes to the previously agreed 2024-2028 capital programme following the latest review and covered the specific revenue budget monitoring position as at the end of period 4 (the end of July). A copy of the report marked 'Agenda Item 8' is filed with these minutes.

Arising from discussion, the following points were made:

Revenue

- (i) Appendix E to the report outlined those savings which were under development and which had not yet been included in the current MTFS. Members noted that in some cases, departments had been able to identify an estimated saving and where there was sufficient assurance over delivery, they had been rated green. However, not all had been fully costed. The savings had been RAG rated to demonstrate the current level of confidence regarding delivery and most were currently amber or red rated. These were the areas that required more work before they could be included in the MTFS as savings to be delivered.
- (ii) The Lead Member commented that the Council had made significant savings over the last decade and its choices on where further savings could be made was very limited. Only 10 of the 59 savings under development identified had been rated green which demonstrated the level of work still required to address the potential forecasted £100m funding gap.
- (iii) Escalated spending controls put in place last year including recruitment controls and the introduction of a new procurement board to consider contract matters, would remain in place for the foreseeable future. These had worked well and whilst the current years position had improved, it was considered prudent for these to continue to help manage future budget pressures.
- (iv) The Council's dedicated schools grant deficit continued to rise despite its involvement in the Department for Education's (DfEs) Delivering Better Value (DBV) programme. In response to questions raised, the Director confirmed that whilst savings have been identified, these were not sufficient to close the deficit completely and were largely as a result of the Council's Transforming SEND programme rather than as a direct result of the DBV programme. However, given the level of data now submitted to

the DfE, there was a growing sense of acceptance of the difficult position many local authority SEND services were in. In particular the need for greater inclusion within mainstream schools and therefore the need for adequate school funding to accommodate this. Inclusion did not currently form part of the Ofsted inspection programme, but this might change in future years which could have a positive impact.

- (v) The Council had received £1m in funding from the Government as part of the DBV programme. This had been used to support the diagnostic work undertaken with Newton Europe as part of the Transforming SEND in Leicestershire Programme.
- (vi) If the Council DSG deficit continued to rise there was a risk it would be moved into the DfE Safety Valve programme which was reserved for those authorities with the highest deficit. The Director confirmed that at current levels, the Council was likely to be two years away from entering this programme.
- (vii) It was noted that there was still much uncertainty regarding future grant funding levels. This would be made clearer following the Governments Spending Review in October 2024. However, until completion of the Governments more in depth multi-year spending review which was due to be completed in Spring 2025, it was likely that revenue grant and capital funding allocations would only be confirmed for the 2025/26 financial year. A Member suggested that it would be helpful for the Director to provide an all member briefing following the Government Spending Review, outlining its impact on the Council's budget. Members noted that an MTFS training session had also been planned for November for all Members in preparation for the next MTFS refresh.

Capital

- (viii) Members noted that action was being taken to mitigate and reduce the rising costs relating to the delivery of the Melton Mowbray Distributor Road. A contingency had been included within the capital programme, but this did not cover all of the forecasted overspend. Discussions with the contractor were ongoing and the position would be monitored. In response to questions raised the Director provided assurance that the scheme would continue to be delivered.
- (ix) Bus Service Improvement Plan (BSIP) grant funding had been received for 2023/24 and 2024/25 and this was being spent in line with agreed plans.
- (x) The Council had two allocations of network north funding which had been accounted for within the MTFS. Future years funding which had been expected had been removed from the budget as this was now considered more uncertain. Whilst the funding could still be allocated, it was not clear when and how this would be received or what conditions might apply. The Council had therefore taken a prudent approach until the new Government's position regarding the funding had been made clear. This

was expected as part of the Spending Review in October 2024 but could be delayed until completion of the Governments more in depth in year spending review due in Spring 2025.

RESOLVED:

- (a) That the Council's short and medium term financial position in light of the current economic climate, and the specific revenue budget monitoring position as at the end of period 4 (end of July) be noted;
- (b) That the proposed changes to the previously agreed 2024-28 capital programme following the latest review be noted;
- (c) That the Director be requested to provide an update by way of an all member briefing following the Government Spending Review, when it would be clearer what impact this might have on the Council's MTFS.

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