



ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE **19 JANUARY 2026**

JOINT REPORT OF THE DIRECTOR OF ADULTS AND COMMUNITIES AND THE DIRECTOR OF CORPORATE RESOURCES

MEDIUM TERM FINANCIAL STRATEGY 2026/27–2029/30

Purpose of the Report

- 1 The purpose of this report is to:
 - a) Provide information on the proposed 2026/27-2029/30 Medium Term Financial Strategy (MTFS) as it relates to the Adults and Communities Department.
 - b) Ask members of the Committee to consider any issues as part of the consultation process and make any recommendations to the Scrutiny Commission and the Cabinet accordingly.

Policy Framework and Previous Decisions

- 2 The County Council agreed the current MTFS in February 2025. This was the subject of a comprehensive review and revision in light of the current economic circumstances.

Background

- 3 The draft MTFS for 2026/27–2029/30 was set out in the report considered by the Cabinet on 16 December 2025, a copy of which has been circulated to all Members of the County Council. This report highlights the implications for the Adults and Communities Department.
- 4 The revised MTFS for 2026-30 projects a gap of £23m in the first year that (subject to changes from later information such as the final Local Government Finance Settlement) will need to be balanced by the use of earmarked reserves. There is then a gap of £49m in year two rising to £106m in year four, based on a 2.99% Council Tax increase, although no decision has yet been made on the level of increase to be approved.
- 5 Reports such as this one are being presented to the relevant Overview and Scrutiny Committees. The views of this Committee will be reported to the Scrutiny Commission on 26 January 2026. The Cabinet will consider the results of the scrutiny process on 6 February 2026 before recommending a MTFS, including a

budget and capital programme for 2026/27 to the County Council on 18 February 2026.

Service Transformation

- 6 The Council's Adults and Communities Department has a '*Delivering Wellbeing and Opportunity in Leicestershire: Adults and Communities Department Ambitions and Strategy for 2025–2029*', which demonstrates how the Department will contribute to the authority's Strategic Plan outcomes.
- 7 The Strategy builds upon the previous Adult and Communities Strategy covering Adult Social Care, Adult Learning and Culture Leicestershire. The ambition at the heart of the Strategy is to deliver wellbeing and opportunity for the people and communities of Leicestershire. This includes improving outcomes for people experiencing inequalities, co-producing and responding to feedback from the people accessing our services and focusing on the following:
 - Promote wellbeing and independence for all adults.
 - Prevent need for future health and social care needs through early intervention and universal services.
 - Reduce and delay need with targeted support and technology.
 - Meet eligible needs efficiently and with personal choice.
 - Strengthen partnerships and co-produce services with communities.
 - Develop a skilled, motivated, and diverse workforce.
 - Ensure inclusion, equality, and accessibility for everyone.
 - Enhance customer experience and satisfaction continuously.
 - Deliver sustainable, value-for-money services and outcomes.
- 8 The design and delivery of services will continue to be based on the 'right' model; that is the right people (those who are at risk or need support to maximise their independence) are receiving the right services, at the right time, in the right place and the Council is working with the right partners.
- 9 The Care Act 2014 places a duty on local authorities to integrate services with Health and other partners, both at an operational level and in respect to strategy and commissioning, in order to deliver joined up high quality services.
- 10 The draft Growth and Savings for the 2026 MTFS (2026/27-2029/30) reflect the changes in demand for services, improvements required by regulators, and the transformation in delivery of services to achieve the vision set out in the Department's Strategy and the national Government's reform of social care agenda.

Use of Resources

- 11 The Local Government Association has recently released its annual 'Adult Social Care Use of Resources 2024/25' report for Leicestershire. It highlights that Leicestershire delivers adult social care at a lower cost per head than most councils, while supporting a similar proportion of people.

12 In Leicestershire, the total spend on Adult Social Care in 2024/25 expressed as the spend per adult in the local population was £500.31 per adult. This was less than the overall spend per adult for England of £632.97; a difference of -21.0% from the national level.

13 The county has a higher proportion of older adults (26% are aged 65+, higher than the national average) but manages to keep care home admissions and package costs below national averages.

14 Investment in non-age-specific services (e.g. commissioning, prevention) is above average, which may help manage demand and support efficiency.

15 The table below details Leicestershire's position relative to the England average:

Metric	Leicestershire	England Average	Relative Position
Spend per adult	£500.31	£632.97	21% below average
Spend per older adult (65+)	£767.17	£1,167.50	152/153 – Second lowest spend amongst councils
Spend per younger adult (18–64)	£247.06	£332.50	141/153 - Among lowest (bottom ~8% of councils)
% adults supported (long-term)	1.84%	~1.9%	Slightly below average
% 65+ supported (long-term)	5.0%	5.25%	97 / 153 Slightly below average
% 18–64 supported (long-term)	0.71%	0.88%	137/153 Among lowest support rates in England
NHS income as % of gross expenditure	16%	13%	36/153 - Higher reliance on NHS/BCF funding than most councils (top quartile)
Service user contributions as % of spend	15.3%	13.6%	Above the average for councils

Proposed Revenue Budget

16 The table overleaf summarises the proposed 2026/27 revenue budget and provisional budgets for the next three years. The proposed 2026/27 revenue budget in detail is shown at Appendix A, attached to this report.

	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
Original prior year budget	237,010	255,513	257,563	261,613
Budget transfers and adjustments	13,323			
Sub total	250,333	255,513	257,563	261,613
Add proposed growth (Appendix B)	12,170	6,060	5,190	6,290
Less proposed savings (Appendix C)	(6,990)	(4,010)	(1,140)	(1,100)
Proposed/provisional net budget	255,513	257,563	261,613	266,803

17 Detailed service budgets have been compiled on the basis of no pay or price inflation, a central contingency will be held which will be allocated to services as necessary.

18 The total gross proposed budget for 2026/27 is £412.1m with contributions from grants, Health transfers and service user contributions projected of £156.6m. The proposed net budget for 2026/27 totals £255.5m and is distributed as follows:

Net Budget 2026/27		
Demand Led Commissioned Services	£222.8m	87.2%
Direct Services	£6.2m	2.4%
Care Pathway – Operational Commissioning	£24.6m	9.6%
Care Pathway – Integration, Access and Prevention	£15.3m	6.0%
Strategic Services	£5.5m	2.2%
Early Intervention and Prevention	£2.2m	0.9%
Department Senior Management	£1.2m	0.5%
Better Care Fund/NHS Contribution	(£29.0m)	(11.4%)
Communities and Wellbeing	£6.7m	2.6%
Department Total	£255.5m	

Other Changes and Transfers

19 A number of budget transfers (totalling a net increase of £13.3m) were made through the 2025/26 financial year and are now adjusted for in the updated original budget. These transfers are:

- (-£0.6m) for pay and pension inflation transferred from the central inflation contingency;
- £13.9m for price inflation (including residential fee review);

20 Growth and savings have been categorised in the appendices under the following classification:

* item unchanged from previous MTFS;
 ** item included in the previous MTFS, but amendments have been made;
 No stars new item.

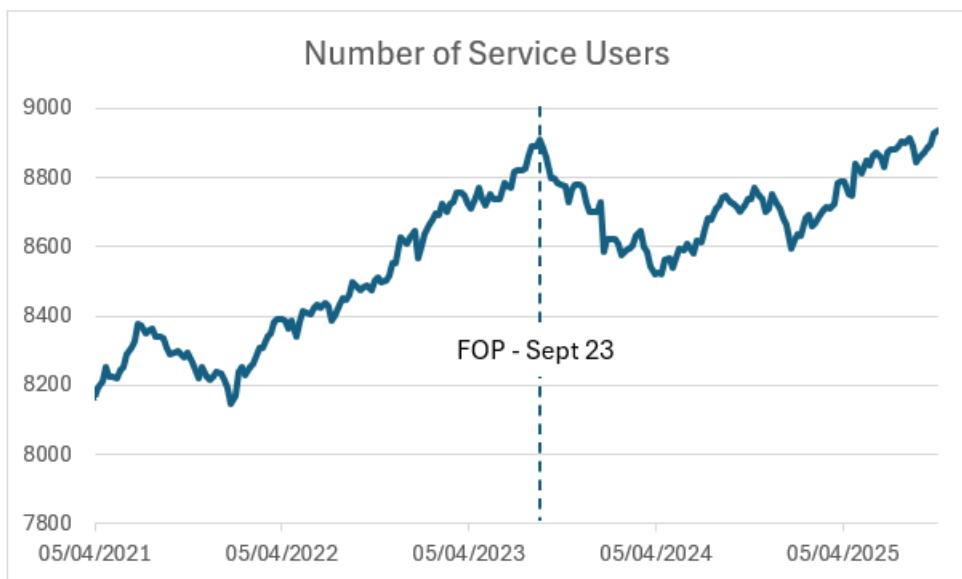
- 21 This star rating is included in the descriptions set out for growth and savings below.
- 22 Savings are highlighted as “Eff” or “SR” dependent on whether the saving is seen as an efficiency or a service reduction or a mixture of both. “Inc” denotes those savings that are funding related or to generate more income.

Growth

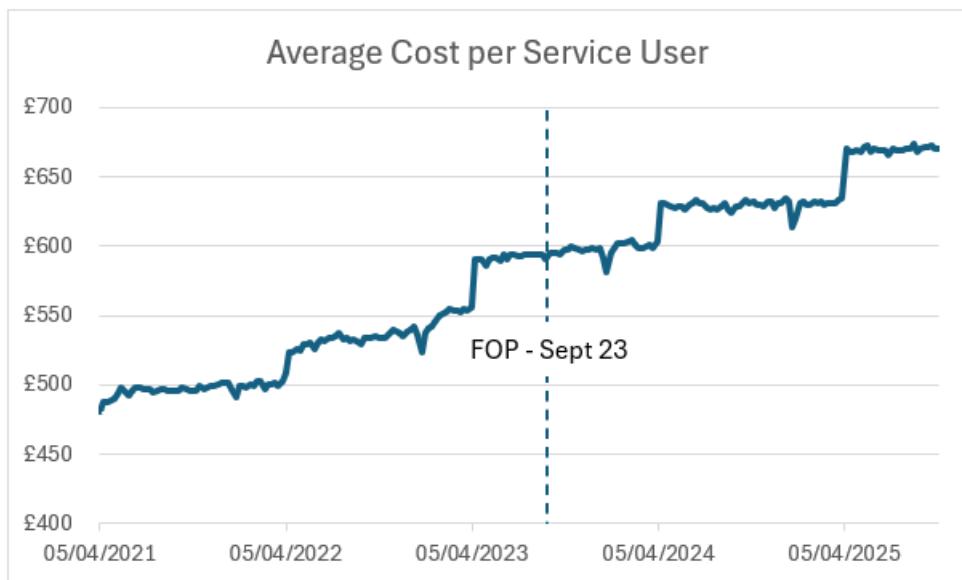
- 23 The proposed growth reflects changes in demand for services such as increased numbers of service users and number of high-cost care packages, in particular those related to older adults and learning disabilities and changes in types of service. As in previous years, the profile of service users and their care needs are constantly changing which may impact on the services commissioned. Overall demand led expenditure totals circa £314m.
- 24 There is a number of demand management activities which include regular oversight of cost of care packages, a scheme of delegation which manages level of spend and accountability at all levels across the service, benchmarking against national population statistics and regular budget monitoring. The Adults and Communities Departmental Management Team also maintains oversight of the quality and sustainability of the care provider market including impact of changes in demand for care homes and home care. All these actions aim to validate and mitigate future growth requirements.
- 25 The growth required is £12.2m for 2026/27 and rising to £29.7m by 2029/30. Demand for commissioned services continues to increase as well as the cost of care making it particularly challenging to accurately forecast growth requirements. Growth forecasts will be regularly reviewed and updated based on the latest information. The budget increases are outlined below and summarised in Appendix B to the report.

Overall Growth Trends

- 26 The overall number of service users being supported across Residential Care, Home Care, Supported Living, Cash Payments, and Community Life Choices from April 2021 through to October 2025 are shown in the graph below. Typical growth would be approximately 1% to 1.5% per annum, however, prior to the introduction of the Fair Outcomes Panel (FOP) in September 2023, annualised growth was 3.6%. Since the introduction of the FOP, the annualised growth over the entire period is 2.1%.



27 The average cost per service user rose over the same time period. This is shown in the graph below. The steep rise from April relates to the annual fee review uplift.



28 The average cost per service user rose over the course of 2022/23 and 2023/24 mainly driven by higher cost packages within residential care from market pressures to secure placements and increasing home care hours being commissioned due to a higher number of service users being discharged from hospital. Over the course of 2024/25 and 2025/26 the average cost per service user started to stabilise.

****G7 Older People demand – £5.1m in 2026/27 rising to £16.8m by 2029/30**

29 People aged over 65 account for most of the Department's gross care expenditure. This financial growth is required to meet the increasing numbers of older people with eligible needs as well as the increasing fragility of existing service users. The additional costs of packages of care are estimated to be £4.0m for residential care.

- 30 The introduction of the FOP during 2023/24 initially reduced the number of placements with alternative forms of support being explored. Over the course of the last two years overall placement numbers have slowly risen to levels observed in 2023/24.
- 31 Another key driver is the cost of providing services which has significantly increased as capacity in the market is limited and the impact of increasing inflation. Despite the increase in placement numbers over 2025/26 the cost of commissioned packages remains relatively stable compared with previous financial years.
- 32 Future changes in demand are estimated using observed County Council trends together with national demographic statistics to produce a baseline forecast of the likely number and average cost of service users. The current projection is based on service needs as of November 2025 which are assumed to continue into 2026. This growth is primarily to meet the expected increase in service users from the projected demographic growth in future years.

****G8 Learning Disability demand – £3.8m in 2026/27 rising to £12m by 2029/30**

- 33 There is a requirement for the Council to provide for increased care costs and growth relating to the number of service users accessing services that provide support to people with learning disabilities.
- 34 The current projection is based on service needs as of November 2025 which are assumed to continue into 2026. Future changes in demand are estimated using observed County Council trends together with national demographic statistics to produce a baseline forecast of the likely number and average cost of service users.
- 35 There is currently an increase in the numbers of social care placements in Children and Family Services which may impact on the Department in the long term but cannot yet be quantified. Due to increased birth rates, the number of young people with long term disabilities moving into adult services is expected to continue to grow until at least 2030.

****G9 Mental Health demand – £1.4m in 2026/27 rising to £4.3m by 2029/30**

- 36 This financial growth is required to meet the increasing numbers of people with eligible mental health needs. Future changes in demand are initially estimated using observed trends to produce a baseline forecast of the likely number and average cost of service users. The current projection is based on service needs as of November 2025 which are assumed to continue into 2026. Other changes in demand are estimated using national demographic statistics to produce a baseline forecast of the likely number and average cost of service users.

****G10 Physical Disabilities demand – £0.3m in 2026/27 rising to £1.3m by 2029/30**

- 37 This financial growth is required to meet the increasing numbers of people with eligible physical disabilities. Future changes in demand are initially estimated using

observed trends to produce a baseline forecast of the likely number and average cost of service users. The current projection is based on service needs as of November 2025 which are assumed to continue into 2026. Other changes in demand are estimated using national demographic statistics to produce a baseline forecast of the likely number and average cost of service users.

****G11 Additional Service Income from Growth in numbers – (-£0.5m) in 2026/27 rising to (-£3.4m) in 2029/30**

38 As the growth in the number of people drawing in support increases it is anticipated that a proportion these will be able to contribute towards the costs of their care which will offset the amount of growth required.

****G12 Additional Health Income from Growth in numbers – (-£1.4m) in 2026/27 rising to (-£4.4m) in 2029/30**

39 As the growth in the number of people drawing in support increases it is anticipated that a proportion these will attract health income to support their needs which will offset the amount of growth required.

G13 Increased Service Income realigning to 2025/26 levels – (-£0.7m) in 2026/27 ongoing

40 As the growth in the number of people drawing in support has increased during 2025/26 income has increased from those able to contribute towards the costs of their care which will offset the amount of growth required.

G14 Archives digital preservation and offsite storage - £0.2m in 2026/27 decreasing to £0.1m in 2029/30

41 The Record Office for Leicestershire, Leicester and Rutland (ROLLR) were assessed by the National Archives (TNA) against its Accreditation Standards in 2023/24. The outcome of the review required improvement in the digital preservation of records and archival storage.

G15 Care Quality Commission (CQC) Improvement Plan - £4m in 2026/27 decreasing to £3.7m in 2029/30

42 The Department was assessed by the CQC during 2025. The outcome of the review required improvement in several areas. The Department has developed a plan targeting improvements in several areas requiring additional staffing resource to deliver.

Savings

43 Details of proposed savings are set out in Appendix C and total £7.0m in 2026/27 and £13.2m over the next four years.

Adult Social Care

**AC1 (Inc) - Increased Income - £0.1m saving in 2026/27 rising to £0.4m from 2029/30

44 Department for Work and Pensions increases in benefit payments should provide additional chargeable income. It is anticipated that income from older people will rise faster than inflation as a result of the protection of over 65s benefits provided for by the National Government.

*AC2 (Eff) – Implementation of Digital Assistive Technology to Service Users (Technology Enabled Care -TEC) – £0.1m saving in 2026/27 ongoing

45 Savings by developing a range of IT and digital solutions that can be used to support service user outcomes across the Care Pathway. It includes assistive technology, aids and adaptations, telecare, and telehealth. Implementation commenced at the end of April 2022 and includes a partnership arrangement with Hampshire County Council and their commercial partner PA Argenti. Hampshire acts as a strategic partner to assist the Department in transformation and deliver a new approach to care technology.

46 One of the key strategic aims of the service is to deliver a significant financial contribution to the Council – both in terms of avoided future demand and in terms of actual in-year cost reductions. Savings are a mixture of avoided cost and cashable savings as well as non-financial benefits of care technology providing better outcomes for people.

47 The transformed Council Care Technology (CT) service has been running since April 2022. Since launch, demand for the service has been strong and is growing. Evidence that the technology is having a positive outcome for people and care technology is being utilised to reduce the risk to the person or to support the carer.

**AC3 (Inc) - Increased Better Care Fund Income - £2m saving in 2026/27 rising to £5m in 2029/30

48 Additional income from the annual uplift on the protected social care element of the Better Care Fund (BCF).

*AC4 (Eff) – Transforming Commissioning – Extra Care - £0.1m saving in 2026/27 ongoing

49 The County Council considers its Extra Care stock to be low for the size of the county, in particular for those people with higher social care needs. The Council will seek to increase development of Extra Care within the county to support people with a higher level of care and support needs akin to standard residential care with a particular focus on dementia. This should reduce the overall costs of residential and care costs through reducing support costs.

50 This project will look to address the current position where the current client mix in Extra Care does not support sustainability of the provision. Leicestershire's

provision is underused and there is less available than in other local authority areas. The aims are to:

- Increase Council commissioned care;
- Increase the high needs cohort;
- Increasing the average level of need within the high care needs cohort.

****AC5 (Eff) – Transforming Commissioning – Continuing review of contracts across all areas - £0.1m saving 2026/27 ongoing**

51 A review of existing social care contracts across all areas will be conducted to find further cashable savings. Both existing contracts and contracts that are due for renewal will be reviewed by the Department's Commissioning Team to find additional cost savings.

****AC6 (Eff) – Review of underspends in staffing and general expenditure (turnover) – £0.1m saving 2026/27 ongoing**

52 Over the course of 2025/26 additional savings of £0.1m were identified through a review of staffing and non-essential budgets that have consistently underspent over the last few years. The budget has been removed for 2026/27 and is not expected to have an operational impact on the Department.

***AC7 (Eff) – Review in-house supported living and short breaks provision - £0.1m saving in 2026/27 rising to £0.4m in 2027/28**

53 A review of the Department's short breaks sites has highlighted an opportunity to better utilise unused occupancy. Options are being explored to see if placements could be offered to various partner organisations which would potentially generate additional income to the Department.

54 A review of in-house supported living will also take place to determine whether alternative delivery methods could be pursued.

***AC8 (Eff) – Review of 1:1 support in residential care - £0.2m saving in 2026/27 ongoing**

55 Reviews of all one-to-one support in residential care will be undertaken to better identify and challenge commissioning practice, using care technology and develop a strengths and asset-based approach.

56 More effective use of the Care Cubed care funding tool will identify where high-cost placements may be renegotiated to reflect a fairer cost of care and reduce supplementary needs payments.

***AC9 (Inc) – Increasing Health Income - £0.2m saving in 2026/27 ongoing**

57 The Department has identified the need to address the current imbalance linked to Continuing Health Care (CHC) and Funded Nursing Care (FNC) determinations.

- 58 FNC is being discussed at the Leicester, Leicestershire and Rutland (LLR) Integrated Care Board (ICB) with a clear acknowledgement that LLR is an outlier in FNC.
- 59 The Department is also reviewing existing and new Health funded packages to ensure that Health income is maximised. Specialist enhanced training will be made available for managers to support them in focused dispute conversations when appealing CHC decisions.

*AC10 (Inc) – Review of Fees and Charges - £0.1m saving in 2026/27 ongoing

- 60 The opportunity for additional income was identified through an external review of fees and charges which highlighted the opportunity to revise charges for discretionary services. The introduction of a Corporate Charging Policy will ensure that fees and charges are regularly monitored and updated to ensure maximisation of income.

AC11 (Eff) – Review of Lightbulb Service contribution and business case with partners to improve efficiency - £0.2m saving in 2026/27 ongoing

- 61 Discussions with Lightbulb partners has led to departmental expenditure relating to ceiling track hoists to be transferred into the Disabled Facilities Grant that is held by the District and Borough Councils generating a saving to the Department.

AC12 (Eff) - Review of Direct Payments processes to improve efficiency across teams and robustness of assessments/reviews - £0.1m saving in 2026/27 ongoing

- 62 A Direct Payments Support Team has been established to help individuals manage personal budgets efficiently, reducing costs for the department. The team oversee account set-up, monitor spending, and ensure compliance, which includes tracking service user contributions and identifying clawbacks where funds have been unused or misapplied. The team also reviews existing processes to improve the robustness of assessments and reviews within the Care Pathway.

AC13 (Inc) – Social Care Data Quality - £0.2m saving in 2026/27 ongoing

- 63 A review of care packages held on the Liquidlogic Adults System (LAS) to ensure all care is being commissioned effectively and all income is being claimed in a timely manner.

AC14 (Eff) – Strategic Commissioning Efficiencies - £0.1m saving in 2026/27 ongoing

- 64 The former Social Care Investment Team has been restructured and moved into Strategic Commissioning service area yielding an ongoing staffing saving.

AC15 (Eff) – Transforming Commissioning (Home Care Reprocurement) - £0.1m saving in 2026/27 rising to £0.2m in 2027/28

65 The current Home Care for Leicestershire framework is due to be replaced in 2026. The new framework is expected to generate savings primarily through changes to the boundaries of some price zones across Leicestershire.

AC16 (Eff) – Transforming Commissioning (Community Life Choices Reprocurement) - £0.1m saving in 2026/27 ongoing

66 The current Community Life Choices framework is due to be replaced in 2026. The new framework is expected to generate savings through a competitive tender process which will yield a variety of hourly rates between a ceiling and floor pricing range and the introduction of new service levels.

AC17 (Eff) – Prevention Review – Review of Cases - £0.3m saving in 2026/27 rising to £0.7m in 2027/28

67 An early review of all new Home Care packages commissioned by locality teams within the Care Pathway will take place. Early reviews of care packages (within two weeks of domiciliary care commencement) significantly improve outcomes and reduces ongoing costs to the Department.

AC18 (Eff) – Prevention Review – Supported Living - £0.8m saving in 2026/27 rising to £1.7m in 2027/28

68 A combination of measures ranging from individual targeted reviews to a review of the enablement pathway into Supported Living will ensure individuals are as independent as they could be and in receipt of the appropriate level of commissioned services.

AC19 (Eff) – Prevention Review – Hospital Discharge and Reablement - £1.0m saving in 2026/27 rising to £1.9m in 2027/28

69 The Department is aiming to improve the current hospital discharge pathway to ensure that more service users upon discharge are receiving home-based care and to lessen discharges to short term residential care where outcomes are less effective.

AC20 (Eff) – Prevention Review – Improved Pathway to Adulthood - £0.2m saving in 2027/28 ongoing

70 The journey from children's to adult social care is commonly described as 'transitions'. A cross departmental project with the Children's and Family Services Department aims to improve the transition pathway for younger people to adulthood to ensure better outcomes are achieved resulting in lower longer-term costs. The project will look at ways of maximising people's independence and considering strengths-based approaches to meet outcomes.

AC21 (Eff) – Increase in Reablement Capacity - £1m saving in 2026/27 ongoing

71 Increased reablement volumes will be delivered through additional recruitment into the Home First service which will enable the service to accept all referrals into it. Additional reablement volumes will result in improved longer-term outcomes for service users and cost avoidance being incurred by the Department through lower independent sector home care hours being commissioned.

Communities and Wellbeing**AC22 (Eff/SR) - Implementation of revised service for Communities and Wellbeing - £0.1m saving from 2028/29 onwards

72 Further work has been undertaken to review options for the relocation of the ROLLR, and the creation of a Collections Hub. Implementation of a revised service is dependent on decisions taken with partners with regards to the allocation of future capital for the scheme. A new hub would realise the final part of the previous restructuring and enable the release of the current collection stores to consolidate assets into one location.

Savings under development

73 The following areas are being developed to meet future savings targets. This work was already underway as part of the Council's strategy to address the MTFS gap and does not include any of the findings from the Efficiency Review. Once business cases have been completed and appropriate consultation and assessment processes undertaken, savings will be confirmed and included in a future MTFS. This is not a definitive list of all potential savings over the next four years, just the current ideas and is expected to be shaped significantly as the Efficiency Review progresses.

Improve efficiency of financial assessments process across teams which should lead to more timely invoicing and reduce debt

74 The Department aims to streamline and improve the financial assessment, billing, and collection processes across teams to ensure timely and accurate invoicing for service user contributions; increase income collection by reducing delays and inefficiencies and lower the bad debt provision by preventing uncollectable debt and reducing write-offs.

Extra Care - New Build Opportunities

75 This aims to develop additional Extra Care housing schemes to provide affordable, flexible, and enabling care environments for older adults and some working-age adults. This will reduce pressure on residential care budgets by shifting demand to a more cost-effective model and deliver financial savings and improved outcomes through independence, community engagement, and tailored support.

Older People's Accommodation

76 This aims to reshape the accommodation offer for older adults achieving a better balance between Extra Care, residential care, and home care, ensuring that people with high community support needs (but not requiring full residential care) have suitable options. This will reduce financial pressures by managing demand and supporting independence.

Artificial Intelligence (AI) pilot

77 The AI pilot in the Adults and Communities Department aims to streamline assessments and reviews within the Care Pathway using artificial intelligence. It seeks to reduce back-office workload through automated transcription and form completion. This will improve the practitioner and service-user experience by enabling more focused conversations and ensure records within LAS are accurate, user-friendly, and compliant. The pilot will gather evidence on efficiency, data quality, and user satisfaction to inform wider adoption and demonstrate how AI can enhance workflows and outcomes.

Prevention Review – Carers

78 This initiative focuses on enhancing the carers offer in Leicestershire to better support those providing unpaid care. By strengthening preventative services and resources, the Department aims to reduce carer strain and improve wellbeing, enabling carers to feel supported and maintain their own health and quality of life. In turn, this could deliver financial benefits by lowering the risk of carer breakdown, which often leads to costly interventions and increased demand for formal care services.

Future Financial Sustainability – Efficiency Review

79 Despite delivery of extensive savings already, a significant financial gap remains in the Council's overall MTFS as mentioned earlier in the report, emphasising the need to accelerate and expand the Council's ambitions and explore new, innovative options. A step-change in approach is required.

80 The Efficiency Review was initiated by the new Administration in response to a then-projected £90m budget gap by 2028/29, alongside mounting pressures on capital funding and special educational needs budgets. To address these financial challenges, the Council commissioned a comprehensive, evidence-led review of all services and spending, aiming to identify ways to accelerate existing initiatives and identify new opportunities. The review will identify opportunities to redesign services, optimise resources, and embed a performance-driven culture across the organisation.

81 Key elements of the review include:

- Reviewing all Council activities for cost reduction, service redesign, and income generation (excluding commercial ventures).

- Assessing existing MTFS projects and savings ideas to prioritise or redesign them, identify where savings targets could be stretched or accelerated.
- Strengthening governance, data management and resource mobilisation within the current Transformation Strategy.
- Reviewing the County Council's approach to delivering change to ensure well placed to support implementation and future Council change initiatives.

82 The review is being undertaken by Newton and commenced in early November, with detailed recommendations due early 2026 to inform future financial planning and Cabinet decisions.

83 The first stage of work was focused on any immediate opportunity to accelerate existing MTFS savings. The first of these, included in the draft MTFS position, is reablement in Adult Social Care (AC21). The initial saving included in the MTFS is £1m, building on an existing saving in this area of £1.9m (AC19).

84 The further initiatives that will be developed over the next few months are expected to be a combination of i) ideas that had not progressed due to resource availability, ii) existing initiatives that can be expanded due to greater insight, iii) new initiatives to the Council. There are a number of priority opportunities being developed in early January which may be included in the MTFS in February if there is sufficient confidence over delivery timescales.

85 In the Department further opportunities under discussion include:

- a) Prevention: Proactively identifying residents who are at risk of a crisis and delivering targeted and effective interventions that prevent the crisis or escalation event and enable the identified residents to live independently for longer without formal commissioned support.
- b) Alternatives to residential care: Supporting more older adults outside of residential care in more independent settings including the development of new Extra Care Housing capacity across the County and through improved processes and decision-making during care planning.
- c) Reviews of people with long term disabilities: Undertaking progressive reviews of people to ensure people have the right support at the right time in the right place.
- d) Commissioning: Manage and mitigate external provider cost pressures and reduce unit costs through negotiation and market strategies and contract management.
- e) Further reablement opportunities: Include expanding capacity within the service, improving productivity across the existing workforce, and exploring the role of technology to enhance efficiency.

86 The review is still in its early stages and is progressing as expected. If further initiatives can be developed to a satisfactory level of confidence they will be included in the MTFS report to the Cabinet in February.

87 The County Council is taking decisive action to close the budget gap and build a financially resilient organisation. The Efficiency Review will result in a revised Transformation Programme underpinned by strong governance and innovation to

accelerate delivery and embed new ways of working. With significant uncertainty and change linked to Local Government Reorganisation, the coming year will be critical in driving high-impact change, engaging stakeholders, and preparing the organisation for future challenges.

88 There will need to be a renewed focus on these programmes during the next few months to ensure that savings are identified and delivered to support the 2026/27 budget gap. Given the scale of the financial challenge, focus will be needed to prioritise resources on the change initiatives that will have the greatest impact, and work is already underway to do this.

Health and Social Care Integration

Better Care Fund (BCF)

89 Health and Social Care Integration continues to be a national government priority. Developing effective ways to co-ordinate care and integrate services around the person and provide more of this care in community settings are seen nationally and locally as key to improving outcomes and ensuring high quality and sustainable services for the future.

90 The Council has received funding from the NHS through the BCF since 2015/16 in line with levels determined by Government. The BCF's purpose is to help the Council finance the delivery and transformation of integrated health and care services to the residents of Leicestershire, in conjunction with NHS partners.

91 The BCF policy framework and planning requirements are refreshed regularly and may cover one year or a number of years. The Department of Health and Social Care (DHSC) and the Ministry of Housing, Communities and Local Government (MHCLG) published a one-year framework for the implementation of the BCF in 2025/26 on 31 January 2025. The framework for 2026/27 has not yet been published.

92 The four national conditions set by the Government in the BCF policy framework for 2025/26 are:

- Plans to be jointly agreed;
- Implementing the objectives of the BCF;
- Complying with grant and funding conditions, including maintaining the NHS minimum contribution to adult social care (ASC);
- Complying with oversight and support processes.

93 The Better Care Grant (BCG) was introduced in 2025/26 as a combined grant replacing both the Improved BCG and the ASC Discharge Fund Grant. The grant conditions require that the funding be used for:

- meeting adult social care needs;
- supporting people to be discharged from hospital when they are ready (including supporting the principles of 'Discharge to Assess');

- ensuring that the social care provider market is supported.

94 The value of BCF funding expected for Leicestershire in 2026/27 is shown in the table below. The NHS minimum contributions for 2026/27 and an indicator position for 2027/28 were published on 17 November 2025. The BCG has been included in the table at 2026/27 values as the funding has been announced:

	2026/27 £m	
NHS Minimum Allocation	59.0	Level mandated by NHS England
Better Care Grant	21.8	Allocated to local authorities, specifically to meet social care need and assist with alleviating pressures on the NHS, with emphasis on improving hospital discharge, and stabilising the social care provider market.
Disabled Facilities Grant	5.5	Passed to district councils
Total BCF Plan	86.3	

95 In 2026/27, £24m of the NHS minimum allocation into the BCF will be used to sustain adult social care services. The national conditions of the BCF require a certain level of expenditure to be allocated for this purpose. This funding has been crucial in ensuring the Council can maintain a balanced budget, while ensuring that some of its most vulnerable users are protected; unnecessary hospital admissions are avoided; and the good performance on delayed transfers of care from hospital is maintained.

96 In addition to the required level of funding for sustaining social care service provision, in 2026/27 a further £9m of Leicestershire's BCF funding has been allocated for social care commissioned services. These services are aimed at improving carers' health and wellbeing, safeguarding, mental health discharge, dementia support and crisis response.

97 The balance of the NHS Minimum Allocation £26m is allocated for NHS commissioned out-of-hospital services. The County Council commissions community care services on behalf of the NHS through shared care and joint funding arrangements. The Council is reviewing these arrangements alongside the provision of CHC and FNC to ensure residents are receiving optimal care and it is funded appropriately.

98 Any reduction in the funding for social care from the BCF would place additional pressure on the Council's MTFS, and without this funding there is a real risk that the Council would not be able to manage demand or take forward the wider integration agenda.

Other External Influences

99 There is a number of areas of funding that influence the achievability of the MTFS for the Department. For example, hospital discharge arrangements and increasing costs of care mainly due to in the National Living Wage and shortages of workforce in the care sector in certain rural areas.

Other Funding Sources

100 For 2026/27, the following other funding is expected to be received:

- Service users eligible for CHC - £9.8m through the Learning Disabilities Pooled Budget and for non-Learning Disability service users £24.4m;
- Social Care in Prisons Grant - £264,000 which is anticipated to be ongoing;
- Local Reform and Community Voices Grant - £52,000 for Deprivation of Liberty Services in Hospitals;
- War Pension Scheme Disregard Grant - £98,000;
- Funding to support Adult Learning from Department of Education estimated to be £3.9m.
- Local Authority Better Care Grant - £7.6m

Capital Programme

101 The proposed Adults and Communities capital programme totals £25.8m, detailed at Appendix D. The main area is the Disabled Facilities Grant (DFG) which is funded from the BCF grant (£22.1m) and is passported to District Councils to fund major housing adaptations in the County. The balance of the programme (£3.7m) is discretionary Council funding for the invest to save Social Care Investment Programme.

102 The capital programme for the Department is traditionally relatively small. The only allocations are for future projects being developed with a focus on delivering long term revenue savings/operational improvements as part of the Social Care Investment Programme (SCIP) £3.7m, which involves the purchase and development of properties to meet the needs identified within the Social Care Accommodation Development Plan, which was approved by the Cabinet on 25 June 2019 and which are subject to business cases. Potential options include supporting new Extra Care provision and Supported Living for adults with disabilities.

Future Developments

103 Below is a summary of a provisional capital bid expected to be made by the Department. This has yet to be formally approved and is subject to a business case:

Archives, Collections and Learning Hub – To co-locate the Council's archives, museums and learning collections into a single facility at the Eastern Annexe, including a publicly accessible search room. This project addresses the need for

archival and museum storage that meets required standards, forms part of the service strategy to reduce the number of collection locations and helps ensure the County Council continues to meet its statutory duty in this area. Discussions are being held with Leicester City and Rutland Councils, who are partners in the current Record Office, regarding their capital and revenue investment towards the shared element of the scheme. Should agreement not be made, the future of the partnership arrangement would have to be reconsidered, as would the scale of the investment required.

Background Papers

Report to the Cabinet: 16 December 2025 – Medium Term Financial Strategy 2026/27 to 2029/30 Proposals for Consultation

Delivering Wellbeing and opportunity in Leicestershire – Adults and Communities Department Ambitions and Strategy for 2025-29

Better Care Fund

Circulation under local issues alert procedure

104 None.

Equality and Human Rights Implications

105 Under the Equality Act 2010 local authorities are required to have due regard to the need to:

- a) Eliminate unlawful discrimination, harassment and victimisation;
- b) Advance equality of opportunity between people who share protected characteristics and those who do not; and,
- c) Foster good relations between people who share protected characteristics and those who do not.

106 Given the nature of services provided, many aspects of the County Council's MTFS will affect service users who have a protected characteristic under equalities legislation. An assessment of the impact of the proposals on the protected groups must be undertaken at a formative stage prior to any final decisions being made. Such assessments will be undertaken in light of the potential impact of proposals and the timing of any proposed changes. Those detailed assessments will be revised as the proposals are developed to ensure decision-makers have information to understand the effect of any service change, policy or practice on people who have a protected characteristic.

107 There are several areas of the budget where there are opportunities for positive benefits for people with protected characteristics both from the additional investment the Council is making into specialist services and to changes to existing services which offer improved outcomes for users whilst also delivering financial savings.

108 If, as a result of undertaking an assessment, potential negative impacts are identified, these will be subject to further assessment.

109 Any savings arising out of a reduction in posts will be subject to the County Council's Organisational Change Policy which requires an Equality Impact Assessment to be undertaken as part of the Action Plan.

Human Rights Implications

110 Where there are potential Human Rights implications arising from the changes proposed, these will be subject to further assessment including consultation with the Council's Legal Services

Appendices

Appendix A – Revenue Budget 2026/27

Appendix B – Growth

Appendix C – Savings

Appendix D – Capital Programme 2026/27 to 2029/30

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