



ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE
19 JANUARY 2026

MEDIUM TERM FINANCIAL STRATEGY 2026/27 – 2029/30

MINUTE EXTRACT

The Committee considered a joint report of the Director of Adults and Communities and Director of Corporate Resources which provided information on the proposed 2026/27 to 2029/30 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 Mr. Carl Abbott, Cabinet Lead Member for Adults and Communities (Adult Social Care), and Mr. Kevin Crook, Cabinet Lead Member for Adults and Communities (Heritage, Libraries and Adult Learning), to the meeting for the item.

Arising from discussion, the following points were made:

Service Transformation

- i. The Director reported that the section on service transformation did not directly address the work Newton were undertaking but reflected the strategic direction of services that the Department and Council had established. He explained that Newton's work appeared later in the report under efficiency savings and formed part of a corporate efficiency programme looking at potential savings over the medium term, which was separate from the service transformation strategy developed the previous year, which was driving the main budget assumptions around older adult growth.
- ii. Members noted that Leicestershire had a higher proportion of residents aged over 65 than many areas and asked whether the Council had accounted for the risk of more people becoming non-self-funders. The Director confirmed the risk was included in growth projections and reflected in financial forecasting. He added that, although some forecasts suggested future change, many older adults currently still had rising disposable income from pensions and property. While the possibility of more people moving from self-funding to Council-funded care remained a risk, it was monitored annually for any significant changes.

Proposed Revenue Budget, Other Changes and Transfers

Growth

- iii. A Member highlighted the sharp rise in average cost per service user at the start of each financial year. The Director explained this reflected the annual fee review, where provider rates were uplifted due to National Living Wage pressures and CPI-linked inflation. Each year the department reviewed market rates and applied an inflationary factor in April, causing the initial spike. He added that, unlike in 2021 and 2022 when costs rose throughout the year, the Department had recently kept in-year average costs relatively stable.
- iv. A Member raised concern that no inflationary increases were built into the budget. The Director explained that, in line with corporate policy, inflation was held centrally in a contingency rather than within departmental budgets. Each year, approved allocations for living wage and general inflation were released to departments, which would be reflected across the four-year MTFS. The Member accepted this but asked that future reports include a breakdown of cost increases to clarify the underlying drivers.
- v. A Member asked why the cost per service user had risen by 41% when general inflation increased by only 21%, with a further 12% rise since April 2024. The Director explained that adult social care inflation consistently ran at two to three times general inflation, driven mainly by significant increases in the National Minimum Wage and National Living Wage in recent years. He advised that a Use of Resources report in March 2026 would include further information, noting typical social care inflation of 12-14% per year. Although Leicestershire's rate was lower than the national average, it remained well above general inflation. He added that recent rises in National Insurance contributions had also increased provider costs, which were reflected in higher Council payments.
- vi. Members noted that service user contributions in Leicestershire were higher than the national average and asked whether further increases were planned. The Director explained that the Council already charged the maximum permitted in law, leaving little scope to increase income. He added that the Council would not exceed national charging guidance or introduce additional charges beyond that framework.
- vii. The Director explained that rising numbers of self-funders approached the Council once their savings were depleted, a trend driven partly by increased life expectancy. He confirmed that a report detailing the financial status of all adults receiving social care could be brought to the Committee later in the year.
- viii. A Member noted the £23 million MTFS gap, highlighting adult social care's significant contribution to the pressure, and asked whether further savings would require service cuts. The Lead Member for Heritage, Libraries and Adult Learning said it was inappropriate to discuss council tax levels at that stage but assured Members that the process would remain transparent.

- ix. A Member referred to the Fair Outcomes Panel and sought clarity on why placements initially fell but later rose. Officers explained that numbers increased as self-funders' assets dropped below the threshold, leading them to request Council-funded placements. Increased pressure on hospital discharges also meant more people with complex needs, such as unresolved delirium, required short-term residential care for assessment. Learning from the panel also informed joint work with NHS partners to improve discharge pathways and reduce inappropriate, avoidable placements.
- x. In response to a question, the Director responded that there were two main factors that drove growth in learning disability services: young people turning 18 and moving into adult services, and increased life expectancy. He added that whilst numbers were currently rising, after 2030, numbers might decrease in line with past reductions in the birth rate. He acknowledged that many adults might still be undiagnosed with conditions such as autism or ADHD but emphasised that diagnosis alone did not determine eligibility for social care, where thresholds would need to be met.
- xi. Members noted that the cost line for digital preservation and storage had decreased and questioned whether this signalled a scaling back of the programme or a delay in outcomes. The Director explained that a 2024 National Archives assessment had identified two issues: insufficient physical storage capacity and the lack of a compliant process for preserving born-digital records. Although many records were digitised, the Council's standard IT system did not meet national archival requirements. A compliant solution had been identified and was in progress, though it carried costs. The Director confirmed that the reduced budget line reflected the phasing of the work rather than any reduction in commitment.
- xii. A Member revisited the issue of forecast demand increases, noting that the report assumed demand growth of around 2.1% and that projected growth in older people's demand would rise over three years. They asked what the impact on the MTFS would have been if demand had returned even halfway to the previous 3.6% growth rate seen before the Fair Outcomes Panel. The Director replied that officers had worked with the information available at the time, and that if future conditions had differed, the MTFS would have been adjusted accordingly.
- xiii. A Member queried the growth in young people moving into adult services and whether it had been fully costed, noting the report's description of the figures as unquantifiable and a potential future pressure. The Director explained that the £3.8 million for 2026/27, rising to £12 million by 2029/30, already included provision for expected transitions. However, the authority could not predict the type, size, or cost of each individual's future care package. A general provision was therefore included in the learning disability demand forecast, with figures refined only as individuals neared age 18 and their needs became clearer.
- xiv. A Member asked whether the Council had accounted for adults with learning disabilities who were being supported informally by ageing parents without formal care packages. It was confirmed that the associated risks and future pressures had been included in planning, covering those who had previously relied on

family support but would require formal services once that support was no longer possible.

- xv. A Member raised the issue of health vs social care funding and asked whether families could challenge funding decisions, and whether the Council challenged decisions it believed were incorrect. The Director explained that the report's savings section included a specific line on Continuing Healthcare (CHC) and Funded Nursing Care (FNC), which ensured individuals received the correct funding from the appropriate organisation. He stated that a formal dispute resolution process existed between the Council and the NHS, through which officers could challenge decisions and present evidence to a joint panel. However, unlike individuals, the Council did not have a legal right of appeal under national CHC policy but could still raise challenges, escalate cases, and support individuals wishing to appeal.

Savings

- xvi. A Member noted that some savings were relatively small (around £100,000) and therefore highly sensitive to changes in demand, even if slight might make savings non-achievable, and asked how savings were being delivered without additional investment in prevention. The Director explained that the savings did not come from reducing prevention budgets but from helping people to live more independently, reducing their need for long-term social care. He added that if demand had increased, the Council expected it to be offset by reviewing more people and identifying further opportunities to promote independence.
- xvii. A Member noted that many older people were asset-rich but cash-poor, with hidden deprivation, and questioned the report's suggestion that benefit payments should provide additional chargeable income. The Director explained that under the social care charging policy, councils were required to charge for residential care, while charging for domiciliary care was discretionary, and the Council had chosen to charge the maximum allowed. When someone entered services, a financial assessment was carried out based on their assets and income. By law, the Council had to leave individuals with a nationally set Minimum Income Guarantee (MIG) and make allowances for housing costs, council tax, and limited disability-related expenses. Any remaining income, up to the full cost of the service, could then be charged.
- xviii. The Director clarified that Lightbulb had operated as a partnership delivering major adaptations, housing support, and was a combined service model across districts. Funding had been split 55% from the County Council and 45% from District Councils. Disabled Facilities Grants for major adaptations had gone directly to districts, while the County Council had funded minor adaptations such as ceiling-track hoists and stairlifts. The Council had discussed with district partners the need for ceiling-track hoists to be treated as DFG-funded items, given their permanence, and partners had agreed that these would be included in the Lightbulb contract from 2026/27. A Member requested that a future report be brought to the Committee on the effectiveness of Lightbulb and how it aligned with the County Council's responsibilities.

- xix. A Member expressed concern that relying too heavily on artificial intelligence could reduce the human element in adult social care and potentially create difficulties for vulnerable people seeking assessments or support. Members were informed that an AI pilot had been underway, involving 35 staff using a recording device (with service-user consent) during assessments instead of handwritten or typed notes. The pilot aimed to cut down manual data entry into LiquidLogic, improve assessment consistency, remove double-keying, and increase officer capacity. It was being closely evaluated, including service-user feedback on engagement and timeliness, and any wider rollout would be considered after the evaluation.
- xx. Newton had reviewed all existing MTFS savings lines to determine whether they could be stretched, expanded, or paused, and to identify any additional opportunities based on national practice. A new focus area was the prevention workstream, where Newton analysed why people contacted adult social care, what crises triggered involvement, when first contact typically occurred, and patterns across different cohorts. The Council had not yet received Newton's proposals, as the analysis stage was still in progress.
- xxi. In response to a Member question over early 2026 saving findings, the Lead Member for Heritage, Libraries and Adult Learning explained that the Council was focusing first on early findings that could support the current year's budget. He added it was not yet clear how much could be achieved within that timeframe, and a broader set of proposals was expected by April 2026, which would likely mean early findings would feed into the present budget, with further work contributing to the following year's planning.
- xxii. A Member wished to build on an earlier discussion about preventing avoidable A&E admissions and the resulting need for social care after discharge. He noted that a separate health committee had recently debated GP access and felt there should be a stronger link between the two areas. He suggested the Council consider how health and social care had been working together to address the issue.
- xxiii. A Member questioned whether the procurement savings had been understated and believed greater savings were achievable. They asked if additional savings were expected. The Director stated that the re-procurement savings at AC15 and AC16 reflected only what officers could include with confidence at the time. As tenders were still being evaluated and final prices were unknown, further savings were expected and would likely appear in the 2027 MTFS once evaluations were complete and budgets updated.
- xxiv. In response to a question, the Director reiterated that the Council did not yet know the specific activities Newton would recommend. As a result, officers could not yet know which roles, if any, would need to change or expand. However, if new staffing were required, those costs would also be netted off before any savings appeared in the MTFS.
- xxv. A Member expressed concern about the deliverability of Newton's proposals, whether the MTFS depended on solutions that might not materialise, and how

Local Government Reorganisation might add complexity. The Director said the Council did not yet know which opportunities Newton would identify but understood the likely themes. He confirmed no extra staffing was required at that time, though future recommendations, such as supporting another large cohort through reablement, could require additional staff, with those costs offset against the projected savings.

Health and Social Care Integration

Better Care Fund (BCF)

- xxvi. The Director reported that the Council did not yet have a publication date for the 2026/27 framework for the Better Care Fund. On potential changes to the framework, the Director said the department had not seen a draft, but officers assumed that the Government might seek to align both the Better Care Fund (BCF) Better Care Grant more closely with the NHS 10-Year Plan.
- xxvii. Regarding contingency planning, the Director agreed entirely with a Member's assessment that changes to the framework would affect every local authority across the country. He explained that the sector had been clear in discussions with the Department of Health and Social Care that any changes to national priorities must be made only to the uplifted element of the grant, namely new money, and that existing expenditure could not simply be reallocated, because it was tied to essential, ongoing services, for example, residential care. He stressed that shifting the entire BCF allocation to new priorities would be impossible, because it already funded critical statutory activity.

Other Funding Sources

- xxviii. A Member asked whether the listed funds in the report were already built into service costs, fully covered those costs, or were only additional contributions. Officers said the grants did contribute but could not confirm they met the full cost. Using the Social Care in Prisons Grant as an example, they explained that the Council received whatever the Government allocated, which often fell short of actual costs. The grant was issued annually through the Local Government Finance Settlement and calculated per capita based on the local prison population. The Director added that the frequency of Government reviews or uplifts was unclear and required further investigation.

Future Developments

- xxix. A Member asked about plans for the archives, collections and learning hub. The Lead Member explained that the Council needed to secure additional space quickly as the accreditation deadline was approaching. The medium-term strategy had been to use external storage to manage capacity. However, long-term planning had been difficult due to the Local Government Review, and because the service was shared with Leicester and Rutland, committing to a major new storage facility had not been feasible. The matter remained under active consideration.

RESOLVED:

- a) That the report regarding the Medium Term Financial Strategy for 2026/27 to 2029/30 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 28 January 2026.

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