



CABINET - 26 MAY 2026

EFFICIENCY REVIEW - OUTCOMES AND REVISED CHANGE AND IMPROVEMENT PROGRAMME

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PART A

Purpose of the Report

1. The purpose of this report is to present the Cabinet with the outcomes of the County Council's Efficiency Review (ER) and to set out the implications for the Council's revised Transformation Programme and the Medium Term Financial Strategy (MTFS). The report:
 - Summarises the evidence-led opportunities identified through the ER;
 - Describes how these opportunities have been prioritised and categorised;
 - Explains how they translate into a refreshed and more focused Transformation Programme to be launched as the Better Leicestershire Programme;
 - Sets out the impact on the MTFS and the need for implementation support.

Recommendations

2. It is recommended to the Cabinet:
 - a) That the views of the Scrutiny Commission be noted;
 - b) That the revised Transformation Programme at Appendix A to the report be approved and re-named the Better Leicestershire Programme;
 - c) That the relevant Chief Officers, following consultation with the relevant Cabinet Lead Members, be authorised to implement the initiatives in the Better Leicestershire Programme, subject to the usual Scrutiny and Cabinet process in relation to proposed service change;
 - d) That the Chief Executive and the Director of Corporate Resources, following consultation with the Leader and the Cabinet Lead Member for Resources be authorised to;
 - i) mobilise the internal and external resources required to implement the Better Leicestershire Programme,

- ii) undertake any procurement or contractual processes required to deliver ii above;
- e) That up to £20m of investment to fund the net implementation costs required to deliver the Better Leicestershire Programme be approved;
- f) That the Director of Corporate Resources, following consultation with the Cabinet Lead Member, be authorised to allocate the funding at e) above from the Council's reserves;
- g) That further reports be made to the Cabinet and the Scrutiny Commission later in the year.

(KEY DECISION)

Reasons for Recommendation

3. The revised Transformation Programme and delivery of the newly identified savings will support the Council in maintaining a sustainable Medium Term Financial Plan and make progress towards closing the current gap of £85m by 2029/30.

Timetable for Decisions (including Scrutiny)

4. The Scrutiny Commission received a report on 11th May and its comments will be reported to the Cabinet.

Policy Framework and Previous Decisions

5. At its meetings in July and October 2025, the Cabinet agreed to:
 - Commission an independent, Council-wide Efficiency Review to identify opportunities to improve financial sustainability while protecting outcomes;
 - Use the ER to inform refreshes of the Transformation Programme and MTFS;
 - Ensure opportunities were evidence-based, deliverable and aligned with Council priorities.
6. This report represents the first formal consideration of the outputs from that work.
7. The proposals in the report support the Council in achieving a sustainable and resilient financial position, a fundamental aim of the Council's Strategic Plan.

Resource Implications

8. The outcome of the review has identified savings of £27m across the MTFS period, with the potential to increase the total savings achievable by 20230/31 to £60m.
9. Delivery of the Transformation Programme and achievement of the savings will require some initial investment. This is estimated to be in the region of £28m and

will be a combination of internal and external resources, depending on the delivery model chosen.

10. Further details on the financial benefits, cost and payback of the proposals in given in Table 3 at paragraph 52 in the report.

11. The Chief Legal Officer and Monitoring Officer has been consulted on the proposals.

Circulation under the Local Issues Alert Procedure

12. This report will be circulated to all members.

Officers to Contact

Declan Keegan, Director of Corporate Resources,
Corporate Resources Department,
(0116 305 7668 E-mail Declan.Keegan@leics.gov.uk)

Simone Hines, Assistant Director (Finance, Transformation and Commissioning),
Corporate Resources Department,
(0116 305 7066 E-mail Simone.Hines@leics.gov.uk)

PART B

Background

13. In November 2025, the County Council commissioned an independent, council-wide ER to identify opportunities to improve financial sustainability while protecting outcomes for residents. This was in response to the increasing scale of the MTFS financial gap due to rising demand pressures across statutory services.
14. The Efficiency Review was designed to:
- Identify savings and income opportunities across all service areas;
 - Review existing MTFS initiatives and assess whether they should stop, change or continue;
 - Ensure opportunities were evidence-led, deliverable, and aligned to the Council's strategic priorities;
 - Establish a sustainable approach to change and improvement, including benefits realisation.
15. The ER was delivered by Newton Consulting Limited (Newton) and structured into four phases between November 2025 and April 2026:
- **Phase 1a – Review set-up:** agreement of scope, data, governance and engagement approach;
 - **Phase 1b – Review and engage:** unconstrained identification of opportunities and assessment of existing MTFS activity;
 - **Phase 1c – Development of savings initiatives:** detailed option development, impact assessment and financial modelling;
 - **Phase 1d – Programme planning and mobilisation:** development of a revised change and improvement programme and mobilisation of early delivery where possible.
16. Throughout the ER, members across all political groups and senior officers were engaged via workshops, briefings and gateways to ensure transparency and shared ownership of emerging findings.
17. The scale, complexity and pace of change required to address the MTFS gap meant that the ER was not simply intended to identify a list of savings proposals. Instead, it was designed to support a broader reset of how the Council approaches change and improvement, prioritisation and benefits realisation, embedding a stronger link between evidence, delivery confidence, outcomes for residents and long-term financial sustainability.

Review Approach

18. Newton adopted a structured, evidence-led review methodology designed to provide Members and senior officers with a robust, transparent assessment of savings opportunities, delivery confidence and service impacts across the Council.

19. The approach combined the following complementary elements:

- a. Benchmarking and comparative analysis
Performance, cost and activity data were benchmarked against statistical neighbours and other councils facing comparable demand, demographic and financial pressures. This enabled the ER to identify areas of relative under-performance, unusual cost drivers and opportunities to close efficiency and outcome gaps, while ensuring comparisons were appropriately adjusted for context such as deprivation, rurality and service mix.
- b. Quantitative analysis of demand, activity, cost and outcomes
A detailed interrogation of financial, operational and performance data was undertaken to understand demand trends, unit costs, productivity, service pathways and outcomes. This analysis focused on identifying underlying drivers of spend growth, areas of variation within and between services, and the relationship between cost and outcomes, providing a strong evidential basis for potential savings and service redesign options.
- c. Qualitative insight through case reviews and practitioner engagement
Quantitative findings were triangulated with qualitative insight drawn from detailed case trawls, frontline practitioner workshops and discussions with managers. This ensured that data-led hypotheses were tested against lived operational reality, and that proposed opportunities reflected practical deliverability, local practice and professional judgement rather than theoretical efficiencies alone.
- d. Assessment of delivery confidence and organisational maturity
Each potential initiative was assessed not only for its financial value but also for delivery confidence. This included consideration of leadership ownership, capability and capacity, dependencies, cultural readiness for change and the maturity of existing programmes. This enabled options to be prioritised on the basis of both scale of benefit and likelihood of successful implementation.
- e. Explicit consideration of non-financial benefits and impacts
Alongside financial savings, the ER explicitly considered wider non-financial impacts, including service quality, outcomes for residents, staff experience, equality implications and system-wide effects. This ensured that recommendations supported sustainable change and avoided delivering savings at the expense of poorer outcomes or increased future demand.
- f. Member and senior officer engagement and governance
Members and senior officers were engaged throughout the review process via structured briefings, workshops and gateway reviews. This approach ensured transparency of evidence, early discussion of emerging findings, and shared ownership of priorities and recommendations. Regular engagement supported informed decision-making, enabled challenge and

refinement of options, and helped build alignment ahead of any transition to delivery.

20. The ER focused on 4 key areas:

- Managing demand and improving lives.
- Increasing value for money and financial sustainability.
- Innovation in prevention and commissioning to further improve outcomes.
- Operating more efficiently and effectively.

21. Newton's final review report is attached at Appendix A.

22. The outcome of the ER is a range of evidence-led benefit proposals which set out opportunities for financial and service benefits with ambitious but achievable targets and recommended next steps. These opportunities will form the basis of a revised Transformation Programme, a single, coherent plan for change and improvement for the organisation. This will be used to inform the allocation of resources and underpin the MTFS in the future. It was acknowledged at the outset of the ER that whilst some opportunities could be defined and implemented relatively quickly, others may require further exploration before a final decision could be made on whether they could be implemented.

23. In practice, this meant that no proposal was progressed purely on the basis of scale of financial benefit. Opportunities that presented large theoretical savings but weak delivery confidence, high risk to outcomes or unclear ownership were either reshaped, deprioritised or identified as requiring further design before any decision on implementation could be taken.

Efficiency Review – Outcome Summary

24. The ER has culminated in the development of 13 benefit proposals covering a wide range of opportunities with financial benefits totalling £27.2m over the MTFS period. There is a further £5.3m of opportunity beyond the current MTFS period, as opportunities are fully embedded and full run rate achieved.

25. The benefit proposal documents are included at Appendix B and a detailed benefit and cost profile is shown within Appendix A. This includes the two early opportunities already included in the MTFS in February – reablement and priority fees and charges, totalling £4.5m.

26. The opportunities have been developed with the following principles in mind:

- Drive better outcomes for residents.
- Create a strategic and unified programme of change to ensure the Council is as ready as possible to deliver the targeted improvements.
- Build on Leicestershire's positioning as a high-performing authority by deploying further innovation, such as AI, market shaping solutions and best practice in models of care.
- Supporting and developing staff, including enabling more productive ways of working

- Establish and embed best practice as part of a “One Council” approach.

27. Many of the opportunities are focused on social care, which aligns with the key priorities of the ER around prevention, demand management and improving outcomes for residents. As the Council spends over 75% of its net budget on social care, and the MTFS includes significant growth for them, it is these services that will naturally create the most significant impact.

28. A summary of each proposal is shown in the table below:

Table 1 – Efficiency Review opportunities

Opportunity	Description	Cumulative net benefit to MTFS period (by 2030)
Reablement*	Increasing the capacity of the HART service and therefore the number of residents accessing reablement, increasing independence and where people require ongoing supporting ensuring this is provided at the right level.	£4.38m
Income Maximisation*	Opportunity to strengthen the Council’s income by applying council-wide principles (covering service costs, increasing existing fees where appropriate and adding new charges where possible) and working in a more commercial way.	£0.39m
Reunification	Enabling more children and young people (CYP) to achieve permanence and exit care via reunification. Reunification is the enabling of CYP to safely return to their birth families or wider networks in a structured and supported pathway.	£1.01m
Independence outside of residential care	Enabling more residents to live in independent settings outside of residential care.	£0.55m
Adults Targeted Prevention	Helping residents achieve better outcomes and live more independently for longer through targeted early intervention.	£4.26m
Adults Commissioning for the Future	Direct Council intervention in areas of market failure to develop new, high quality residential care capacity, improving outcomes and market sustainability and delivering financial savings and income.	£1.59m
Maximising Independence for Working Age Adults	Enabling residents with a life-long disability to live more independently reviewing levels of need to ensure support is provided at the right level.	£1.04m
Independent Travel Training	Supporting children and young people with SEND to travel independently using public transport / walking where possible.	£0.54m

Children and Family Services (CFS) Targeted Prevention	Working with families and wider family networks earlier to prevent escalations (including through the safeguarding pathway) so more children can safely stay within their family network and, where it is right to do so, avoid entering care.	£1.12m
Family Based Placements	Supporting as many CYP in care to live in family-based placements (outside of residential care) by ensuring the right support is provided for carers.	£1.75m
CFS – Commissioning for the Future	Increasing sufficiency for high-need regulated provision, and reducing unit costs by commissioning new provision(s) for children and young people with complex needs.	£1.03m
Procurement and Third Party Spend	Reducing spend on procurement and third parties through negotiation, market strategies and contract management, plus better market management through a strategic approach to commissioning.	£1.48m
Resident Focused Organisation	Ensuring the Council is organised to deliver on its objectives efficiently and effectively, achieved through optimising organisational design, reducing agency spend, reviewing operational delivery models and performance framework and exploiting the use of technology.	£8m
Total Net Benefit	£27.2m	

*opportunities approved and included in the MTFs in February.

29. The Resident Focused Organisation opportunity will have four key strands – delivery models, organisational design, agency spend, and efficient and effective services. This will be an organisation-wide workstream and significant further work on a service-by-service basis will be required to fully define and prioritise the delivery of these savings and service improvements. The prioritisation will be informed by a range of factors, including data analysis undertaken in the review phase and the staff survey results, to identify the areas with the greatest potential to deliver improvements. An overall operating model vision for the Authority will also be developed to guide design activity.
30. The financial benefits shown in the table above are shown net of the ongoing service investment costs needed to deliver them. That includes, for example, investment in staff and technology, and varies opportunity by opportunity. In the first year, the service investment required marginally exceeds the benefit achieved due to implementation timescales (as shown in Appendix A). This is not unexpected as large-scale programme does require investment in new ways of working and operational changes in order to deliver longer term benefits. There are further one-off implementation costs required to deliver the programme, considered further in paragraph 52 below.
31. The financial benefits shown in the table above are those that the Council is confident it can deliver. Some opportunities are still subject to further design but

have provided enough evidence to progress to the next stage of development. The further design work will identify, through trial and iteration where needed, which solutions will bring the best service and financial benefits and help identify further potential. Progress with design and implementation of the opportunities will be assessed as part of the MTFS refresh over the summer, and savings incorporated with a realistic delivery profile. This will be continually monitored through the budget setting process for 2027/28 to ensure the MTFS contains realistic and robust savings targets and cost estimates. Further detail on the MTFS impact is shown in the section below.

32. In addition to the table above, there is potential to “stretch” financial benefit to deliver an additional £26.3m across the MTFS period, but this will depend on implementation progress and the impact of the solutions implemented. There is no difference in the solution design work to target the stretch potential, compared to the “confident” level. Once the programme of works starts, there is potential for the impact to grow as interdependencies between projects are resolved, the impact on provider markets is understood and applicability of the solutions across wider groups of residents is established. Further analysis could be undertaken to increase the confidence in the stretch potential but there are enough benefit proposals to make a meaningful addition to the MTFS making it the right time to commence detailed design and delivery. There will be robust governance in place to monitor progress of each opportunity in development and a route to ensure that any stretch potential is captured in future MTFS refreshes.
33. This gives total potential of £53.5m over the MTFS period, assuming all initiatives achieved their full stretch potential. This is expected to rise to £60m when the MTFS is refreshed and an additional year is added, due to some initiatives taking longer to reach the maximum savings impact. Alongside financial savings, the benefit profiles identify important non-financial benefits, with clear, measurable improvements in outcomes for residents, children and families, including:

Greater independence and quality of life for residents, evidenced by:

- Additional adults successfully completing reablement, increasing independence and reducing reliance on ongoing commissioned care.
- Preventing older people per year from entering long-term care through targeted prevention, supporting people to live independently for longer.
- A 7–11% reduction in residential starts for older adults, with more people supported safely through homecare and extra-care housing instead of residential care.

Reduced time spent in high-cost, high-intensity services, demonstrated by:

- Shorter and more effective hospital discharge and reablement pathways, reducing delayed transfers of care.
- More older adults supported outside residential care, with a growing proportion diverted into lower-intensity settings such as homecare and extra-care housing.
- Earlier intervention preventing escalation, reducing repeat crises and high-cost placements.

Greater stability and permanence for children and young people, with clear outcome measures including:

- An increase in successful reunifications, enabling more children to return safely to their families.
- Around 10 additional children per year supported to step down from, or avoid, residential care through family-based placements.
- Increased use of family-based placements (FBPs), reducing placement breakdowns, emergency moves and reliance on unregulated or high-cost provision.

Improved staff experience and productivity, reflected in:

- Clearer pathways, better decision-making frameworks and reduced re-work, enabling practitioners to spend more time on direct work with residents and families.
- More proportionate reviews and streamlined processes, particularly in adults' reviews, prevention, and commissioning activity.

More consistent and equitable decision-making, supported by:

- Standardised thresholds, clearer commissioning frameworks and improved use of data to identify residents and families who will benefit most from early intervention.
- Stronger performance management of outcomes such as successful step-downs, placement stability, and prevention of escalation.

Stronger relationships with providers and partners, demonstrated by:

- Earlier market engagement and more strategic commissioning approaches across adults' and children's services.
- Improved collaboration with health and voluntary-sector partners to support prevention, reablement and independence, contributing to sustainable service models and improved quality.

These benefits are critical to ensuring efficiencies are achieved without increasing future demand or undermining outcomes, and underpin the long-term sustainability of both services and the MTFS. A key part of the programme's governance will be to monitor improvements from the perspective of residents, partners and staff alongside financial achievements.

Revised Change and Improvement Programme

34. Part of Phase 1d – Programme planning and mobilisation has been to review the Council's existing Transformation Programme in order to:

- Review existing initiatives, including those at the investigation stage, to identify any that should be paused/stopped.
- Incorporate new ER opportunities.
- Prioritise resource allocation and align with benefit profile timescales.
- Identify further resource needs.
- Ensure appropriate governance is in place to monitor delivery.

35. As a result of this review, 12 initiatives have been deprioritised and removed from the Programme, 29 have been removed because they can be delivered by services as part of their day-to-day activities, and the new opportunities arising from the ER have been incorporated. This has given a programme of 58 prioritised initiatives with a total financial benefit of £58.8m, incorporating existing and new initiatives, with a further £12.2m being delivered by BAU outside of the prioritised programme, that do not require such extensive governance.
36. The 12 deprioritised initiatives were removed to focus capacity on higher-priority projects. The decision reflects a combination of factors, including initiatives that are poor alignment with wider policy, legal or operational decisions, overlap with other activity (including ER work), they all offered limited or uncertain financial benefit at this stage. Several may be reconsidered through future sequencing where circumstances change. The impact on the MTFS is minimal (£40,000).
37. The revised Change and Improvement Programme is shown within Appendix A showing the newly added and prioritised existing initiatives. The Programme has been streamlined to strengthen delivery - combining initiatives where the service impacted and solution design is likely to be similar. This will become embedded through the Strategic Plan refresh and become a strategic delivery priority for the Council, leading to optimised organisational design and productive ways of working. The design of service change through the Programme will be informed by the objectives of the Strategic Plan to ensure that changes are sustained and opportunities are taken to deliver benefits wider than purely financial.
38. The programme will be launched as the Better Leicestershire Programme, reflecting that delivery of the initiatives will lead to improved resident outcomes and experience, maximise efficiency and value for money and support the financial sustainability of the Council. The programme will strengthen outcomes for residents through a sustained focus on prevention, independence and service quality, reducing avoidable escalation of need and improving resident and customer experience over time. These benefits, both financial and non-financial, are illustrated in the key themes set out in Table 2 below.
39. This will be a rolling programme, with a range of initiatives at different stages of delivery from early scoping of new opportunities to full delivery and closedown. There will need to be investment in the scoping and delivery of current and future opportunities to ensure a continuous pipeline of initiatives and savings to underpin the MTFS.
40. Through the development of the ER benefit proposals, and subsequently the creation of a consolidated Programme, seven strategic change and improvement themes have been identified, as set out in the table below. These themes provide a unifying framework for how the Council organises, prioritises and delivers change.
41. They directly address the major strategic challenges faced over the MTFS period and beyond - including sustained increases in demand for key services, significant inflationary and contractual cost pressures, and the need to close the

Council's budget gap. Collectively, the themes highlight the cross-cutting opportunities where coordinated action can improve resident outcomes and experience, maximise efficiency and value for money and support the Authority's financial sustainability through the revised change and improvement plan.

42. Governing the Programme through these themes will ensure that all change and improvement activity is aligned to the Council's strategic priorities, and will enable directorates to work in a joined up way. This includes sharing best practice and reducing duplication to enable more consistent and efficient delivery across the Authority.
43. All opportunities within the revised Programme and plan are aligned to at least one of these themes. As the rolling Programme of change continues to identify new areas for improvement, it is expected that future opportunities will also be framed and governed through these themes, ensuring a coherent and disciplined approach to change and improvement.
44. The themes are outlined in the table below and Appendix A gives further detail on the individual opportunities sitting beneath each theme.

Table 2 – Programme benefits by theme

Theme	Description	Efficiency Review Opportunities £m by 2029/30	Total Programme Benefits (MTFS and ER) £m by 2029/30
Commissioning and Market Shaping	Innovative solutions to develop sustainable, resilient provider markets and commissioning models that deliver high-quality resident outcomes and experiences, address capacity challenges and deliver long-term value for money.	2.6	24.5
Demand Management and Maximising Independence	Supporting residents to live great independent, safe and resilient lives, ensuring the right intervention at the right time and reducing reliance on long-term support.	9.3	14.3
Maximising Income	Optimising all income streams to ensure financial sustainability while remaining fair and lawful.	0.4	1.5
Physical Assets	Optimising and future proofing the Council's physical assets to reduce cost and enable	0	0.6

	delivery of long-term strategic priorities.		
Prevention	Targeted, evidence based prevention to reduce avoidable escalation of need, delay or avoid entry into high-cost services and support residents to remain independent and in their communities for longer.	5.4	6.3
Procurement & Supply chain management	A systematic approach to procurement and supply chain management that maximises financial value, manages inflationary pressures and improves resident outcomes	1.5	2.3
Resident Focused Organisation	Building a modern, digitally-enabled organisation with empowered staff, streamlined processes and effective use of technology (including AI) to improve services and support productive working.	8	9.3
Total financial benefit		27.2	58.8

45. To ensure successful delivery of the Programme at optimal pace, a number of changes and operational enablers are required. Further details on these is included at Appendix A. Critical enablers include:

- Governance – develop the structure, discipline and oversight to drive the Programme.
- Change capability – ensure sufficient capacity and capabilities exist across the Programme to design and lead change.
- Digital, data and technology – ensure successful use of data, technology and systems.
- Specialist support – sufficient allocation of specialist capabilities to enable successful delivery, such as service subject matter experts and support functions e.g. HR and Legal.

46. A revised governance process has been co-designed by the Council and Newton, shown within Appendix A. This uses existing governance where possible and ensures clear member oversight to set direction and ensure democratic accountability. Below the strategic level will be an officer Programme Board to monitor delivery and ensure outcomes and savings are delivered on time, in full and within cost estimates. This will be supported by a delivery layer, to carry out the work and report progress to the Programme Board.

47. In order to deliver the Programme and realise the financial and service benefits, both, additional change and improvement resource will be needed. This is outlined further in paragraph 52 below.
48. Until the further design stage is completed for all initiatives, the financial benefits, implementation costs and delivery timescales of the Programme could be subject to change. Most design work will be completed within this financial year, which will build assurance ahead of the MTFS refresh being presented to the Cabinet in December. The more complex initiatives (such as Adult Social Care commissioning) are likely to require an extended design phase. External support is likely to be needed to support some of this design work to ensure the initiatives continue to be based on best practice approaches and provide specialist knowledge and experience.
49. Prior to design and implementation, the next stage in the Programme will be a mobilisation phase which will include:
- Communications and engagement.
 - Setting up the governance structure.
 - Resource allocation.
 - Training and skills transfer.
 - Development of work packages for external support.
 - Data management and creation.
50. Subject to Cabinet approval of the Programme, it is expected that this phase will start in June, with the full launch of the Programme from August. Mobilisation will ensure the right foundations for the programme are in place to ensure savings delivery can be maximised, although savings will not start to be realised until after mobilisation, when the design and implementation phase begins.

Implementation Support

51. To fully deliver the revised Programme and maximise the financial and service benefits, existing change and service resources will need to be strengthened to ensure the Council has the capacity to progress the programme at the required pace. This is especially important when considering the impact of Local Government Reorganisation (LGR), which will be another significant event at the same time. The optimum resource mix is likely to be a combination of internal and external support over the life of the Programme. Subject to approved parameters, the Programme Board will determine what can be managed within existing resources, where new additional internal resource is required, and where external resource would be best placed (likely to be where specific skills or experience are required). There are likely to be three categories of implementation costs:
- Permanent service investment (already netted off the financial benefits).
 - Medium to long term internal change and improvement resource.
 - Short to medium term external implementation capacity.

52. An initial profile of additional resource, across all phases of delivery, is outlined in the table below:

Table 3 – Resource cost

Resource area	2026/27	2027/28	2028/29	2029/30	Total	Comments
	£m	£m	£m	£m	£m	
Transformation Unit	-	-	-	-	0.0	Expected to be delivered within budgeted establishment with some realignment of priorities and roles.
Service change/leadership resource	0.56	1.14	0.65	0.17	2.5	
Support Service Resource	0.49	0.83	1.00	0.36	2.3	Includes HR, Finance, IT, Comms and BI resource
Mobilisation Phase	1.0				1.0	
Strategic Partner delivery costs	8.36	11.65	2.29		22.3	
Total implementation costs	10.4	13.6	3.6	0.5	28.2	
Financial benefits	(0.4)	(4.2)	(16.8)	(27.2)	(48.5)	Net benefits based on benefit proposals
Cumulative Cashflow	10	19.4	6.2	(20.5)	(20.5)	
Payback (years)				3.3		

53. Financial benefits will continue to accrue beyond 2029/30 at an annual recurring level of £32m, with implementation costs having already been fully recovered. The payback of 3.3 years is an acceptable return, although this has the potential to be significantly improved through either:

- i. Increased benefits - inclusion of 50% of the stretch increases the total 4-year financial benefit to £72m and reduces the payback period to 2.5 years
- ii. Reduced costs – External costs have been included at a “High” estimate if this is reduced to a “Medium” estimated implementation costs reduce to £21 million and the payback is shortened to within 3 years

54. Where possible, existing resources will be reprioritised to support the Programme and the costs above will be regularly reviewed with any changes incorporated into future MTFS refreshes.

55. The external costs above are based on the Council requiring comprehensive support for eleven opportunities from the Efficiency Review, starting with design and progressing to full implementation. Maximising Income and Independent Travel Training are not expected to require external support, and the above costs will be subject to change as the Council's Corporate Management Team considers the extent to which the remaining eleven require external support. There are a range of options for structuring any external support requirements. This could for instance, just be for specific stages of work or specific opportunities, or it could be in the form of a Strategic Partner arrangement, which would support the Council in full partnership delivery of the Efficiency Review opportunities (with some limited exceptions), and provide support across for existing MTFS initiatives and future challenges and opportunities. This is likely to be more cost effective as the Council will benefit from streamlined governance and economies of scale.
56. The current Efficiency Review contract includes an optional Phase 2 which can be triggered to provide the external implementation resource required. The mobilisation phase will determine the optimum mix of resources, which could be subject to change as the design and implementation progresses. Phase 2 of the contract has not been triggered and requires a formal decision to do so. There is also the potential to utilise different external partners to benefit from specialist knowledge where appropriate.
57. The mobilisation period will provide greater clarity on the implementation cost required, and there is the potential to release work packages in phases. As such Cabinet is asked to give delegated authority to the Chief Executive/Director of Corporate Resources, following consultation with the relevant Cabinet Lead Members, to make arrangements to implement the Efficiency Review. Resources will be secured in such a way that there is flexibility to reduce or stop implementation of specific initiatives if the benefit case no longer justifies the expenditure. The proposed Programme governance will naturally include milestone check to ensure that funding continues to be directed towards initiatives that will have the greatest impact. As can be seen in the table above the Efficiency Review does not become self-funding until after the third year although delivery of savings is expected to reduce the level of funding required from £28 million to £19 million. If the "peak cashflow" of £19 million is likely to be exceeded a further funding allocation will be sought from the Cabinet. Members will naturally receive progress updates as part of the MTFS process and a specific Scrutiny Commission review of the Programme later in the year.
58. Funding options to cover the implementation costs are included in the next section.

Impact on the MTFS

59. The financial pressures facing local government are well documented. Government has taken action to improve the stability of the sector through additional funding, in the Spending Review, and re-allocation, through Funding Reforms. However, it is still a sector under pressure as can be seen in the table

below, which shows a growing number of authorities requiring Exceptional Financial Support, due to their inability to set a balanced budget.

	2024-25	2025-26	2026-27
Number of councils	19	30	37
Support required	£1.5 billion	£1.5 billion	£1.9 billion

60. The vast majority of the councils receiving support are upper tier authorities (provide social care) and account for over one fifth of this type of council.
61. Whilst Government funding was welcome it is likely that future support will be limited due to competing demands, nationally, reinforcing the need to continue the focus on managing the financial position locally. The main leavers at the Council's disposal are efficiency savings, design of interventions to meet service demand and Council Tax, the ER and the rolling programme that succeeds it will be the Council's main means of maximising the impact of the first two factors.
62. Identifying further financial improvements is a challenging task given that savings of £290m have already been delivered over the last sixteen years and the Council is one of the lowest funded nationally. It is only natural that the proposals identified through the ER require a significant implementation resource and period.
63. The current MTFs, approved in February 2026, shows a budget gap of £85m by 2029/30, with £35m of that gap falling in 2027/28.
64. Shortly before the 2026/27 budget and MTFs were approved, the government announced significant financial support for councils which have deficits on their Dedicated Schools Block as a result of increased demand for SEND. The Council currently has a projected SEND deficit of £460m by the end of the MTFs period, and has a policy of making a partial provision for this deficit each year. The current government support is only for deficits accrued by the end of March 2026, which will be in the region of £110m for the Council (the outturn position for 2025/26 is currently being finalised at the time of writing the report). The exact mechanism for calculating the funding is still to be clarified by Government and is dependent on submission and approval of a SEND Reform plan. Although a headline support level of 90% has been used by Government the detailed guidance is contradictory and a lower level is possible. Support from 2026/27 onwards has also not been confirmed, although the government has said that it will be 'appropriate and proportionate' but it would not be unlimited.
65. The MTFs approved in February assumed that the support for SEND deficits (known as the High Needs Stability Grant) would enable the Council to release around £35m of the reserve currently set aside for the deficit. Council agreed to set aside £10m of this as part of the current MTFs to fund Efficiency Review

implementation. The Cabinet is asked to give delegated authority to the Director of Corporate Resources, following consultation with the Lead Member for Resources, to allocate this funding to support delivery of the Programme during 2026/27 and future years. A report on the 2025/26 provisional outturn will also be considered at this Cabinet meeting and will consider what additional resources are allocated to change and improvement, if the outturn position allows, which could support the Programme further.

66. The SEND deficit will continue to accrue from 1 April 2026 but longer-term support beyond 2025/26 has not been confirmed. The MTFS therefore still assumes a significant requirement to provide for a proportion of the deficit. It is reasonable to assume that some level of government support will continue and that this contribution can be reduced. If the support was continued at 90%, or a similar level, it would reduce the MTFS gap significantly, all other things being equal.
67. Taking both the ER outcome and the SEND funding together, the financial position of the Council has the potential to materially improve by 2029/30. However, it should be noted that some initiatives have a longer implementation profile and full benefits will not be received until the later years of the MTFS. This is shown in Appendix B, where £4.2m of savings are expected by 2027/28, rising to £16.8m by 2028/29 and £27.2m by the end of the current MTFS period although the reablement and priority fees and charges savings of £4.5m have already been included in the MTFS. In addition, there is the stretch opportunity of £26.3m which could give further scope to improve the MTFS position by 2029/30.
68. There are also downside risks to the MTFS, for example the war in Iran is increasing inflation and so some of the Council's cost base may increase by more than the current assumptions – particularly pay, social care uplifts, and other contractual costs. Whilst the multi-year settlement gives more funding certainty than in previous years it may not account for higher-than-expected inflationary impacts.
69. The latest MTFS position will be provided to the Scrutiny Commission and the Cabinet in September in line with the usual MTFS refresh process.
70. In finalising the revised Transformation Programme, officers are also mindful of the future impact of LGR and the huge change that may bring once a decision is announced. The outcome of the ER will help ensure that the Council is in the best possible position ahead of LGR – managing social care demand, improving financial sustainability and a refreshed organisational design will all facilitate a smoother implementation of any new unitary structures. It is important to progress with the change and improvement programme ahead of LGR to ensure the inevitable dip in non-LGR improvement activity is kept to a minimum giving the new unitary (s) the best chance of success. LGR will also help reduce costs, the impact of Fair Funding on the district councils will create some risks to manage and therefore LGR will not resolve the financial challenge across Leicestershire in isolation.

71. The MTFS will need to reflect the additional costs needed to implement the Programme as outlined in the table at paragraph 52 above, and some of these costs will be incurred before benefits start to be achieved. These will need to be included in the MTFS in line with the profile given at Appendix A.
72. The Cabinet is asked to give delegated authority to the Director of Corporate Resources following consultation with the Lead Member for Resources to use funding allocated towards the Efficiency Review to allow mobilisation of the resources required to deliver the Programme and realise the financial and service benefits. Costs and savings will be reviewed as part of the MTFS refresh in the summer, and then continually as the MTFS develops as part of the 2027/28 budget setting process.

Risks

73. The delivery of the revised Transformation Programme and associated Efficiency Review outcomes involves a number of inherent risks. These risks are actively managed through strong governance, phased delivery, clear ownership, and ongoing assurance, drawing on the Council's experience of delivering large-scale change and improvement.

Risk	Mitigation / Management Approach
Savings take longer to deliver than assumed	Phased implementation plans with realistic delivery profiles; benefits tracked through programme governance with early identification of slippage; MTFS refreshed regularly to reflect delivery confidence and reprofile savings where required. Stretch targets provide the potential for some initiatives to overachieve.
Further detailed design reduces the value of anticipated savings	Robust design phase to test feasibility, cost, and impact before implementation; proposals only progress where delivery confidence and outcome impact are acceptable; alternative options or mitigations identified where savings are reduced.
Implementation costs are higher than forecast	Costs profiled and monitored through programme governance; clear cost controls and approval thresholds; use of reserves agreed as part of MTFS; ongoing review to ensure return on investment remains positive.
Insufficient internal capacity or capability to deliver change alongside business as usual	Clear prioritisation of initiatives; targeted investment in change capacity; deployment of specialist internal and external support where required; programme phasing to avoid over-stretching services.
Difficulty recruiting or retaining specialist skills	Early workforce planning; use of temporary or specialist external resources where necessary; development of internal capability through skills transfer and knowledge sharing; flexible resourcing models.

External factors impact ability to deliver change (e.g. inflation, market pressures, legislative change)	Scenario planning and sensitivity analysis built into Programme and MTFs updates; strong links between policy, finance, and delivery teams; flexibility to adapt delivery plans as national or market conditions change.
Impact of future Local Government Reorganisation (LGR) affects focus, capacity, or delivery timescales	Transformation Programme designed to strengthen the Council's readiness for LGR; initiatives prioritised that reduce demand, improve financial resilience, and modernise operating models; LGR developments monitored and delivery plans adjusted where required to protect value.
Insufficient ownership or accountability for delivery of benefits	Clear Senior Responsible Owners (SROs) for each initiative; programme board oversight; regular performance and benefits reporting; escalation routes for risks, issues, or under-performance.
Change fatigue among staff impacts engagement or pace of delivery	Clear and consistent communications; visible leadership sponsorship; realistic pacing of change; alignment of change and improvement activity with service priorities and staff experience improvements.
Mitigation actions themselves fail to be implemented consistently	Embedded risk and issue management through programme governance; routine review of mitigations; clear action owners and timescales; transparent reporting to senior leadership and Members.

74. The primary risks relating to the delivery of the revised Transformation Programme are well understood and have been reflected within programme design, governance, and resourcing arrangements to ensure delivery confidence and protect outcomes for residents.

Conclusion

75. The Efficiency Review has identified 13 wide ranging opportunities for the Council to redefine the services it delivers to improve outcomes for residents and reduce the Council's cost base. The Council will have a single, cohesive change and improvement programme to deliver change at pace, and it is important to ensure that sufficient resources are in place to enable this. Whilst some of the opportunities need further design to test the actual solutions to be implemented, the work done so far has given sufficient evidence and confidence to invest further in the implementation.

76. The Cabinet will also consider if Phase 2 of the Efficiency Review contract and/or other external support should be triggered to provide additional capacity and capability to the programme. To give time for further consideration of the resource needed and associated commercial model, it will be recommended that Cabinet provide delegated authority to the Director of Corporate Resources following consultation with the Leader/Lead Member for Resources to put in place the required contractual provisions.

Equality Implications

77. There are no direct equality implications arising from this report.

Human Rights Implications

78. There are no human rights implications arising from this report.

Legal Implications

79. The proposals in this report relate to the development of a revised Transformation Programme and do not, at this stage, constitute decisions to implement individual service changes. Any future decisions to implement specific proposals will be taken in accordance with the Council's Constitution, including compliance with procurement law, financial procedure rules, and delegated authority arrangements. The Council must continue to ensure that delivery of efficiencies is consistent with its statutory duties and that proposed fees and charges are set within the scope of relevant legislative powers. Legal advice will be provided as required during the detailed design, procurement and implementation stages, including in relation to contractual arrangements, Equality Impact Assessments and employment matters.

Background Papers

Minutes of the Cabinet meeting on 28 October 2025 (minute no. 59) - <https://democracy.leics.gov.uk/ieListDocuments.aspx?CIId=135&MIId=7880>

Report to the Scrutiny Commission on 11 May 2026 "Efficiency Review - Outcomes and Revised Transformation Programme"- <https://democracy.leics.gov.uk/ieListDocuments.aspx?CIId=137&MIId=8542>

Appendices

Appendix A - Newton Review Report
Appendix B - Benefits Proposals

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