




Medium Term Financial Strategy : for Town and Parish Councils

11 January 2023

Format

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- Overview
 - Introduction
 - Financial position
 - Questions and discussion
 - Feedback
 - Next steps



Introduction

Mr Nick Rushton, Leader

and

Mrs Deborah Taylor, Deputy Leader

Leicestershire County Council

... BBC

[Leicestershire County Council could cut up to 250 jobs to save money](#)

A council could cut 250 jobs as it attempts to balance its books over the coming years. Leicestershire County Council said its budget gap...



The Guardian

English councils warn of 'existential crisis' caused by funding shortfall

Local Government Chronicle

County set to meet chancellor to discuss funding challenges

Yesterday Leicestershire published budget proposals for next year to ... The council's cabinet member for finance Lee Breckon (Con) said...



County Hall financial plan includes Council Tax rise and service cuts - but an increase in amount spent on the most vulnerable

By Ashby Nub News Reporter
13th Dec 2022 | Local News

“Local government warns council tax rise will fail to plug financial hole”

FINANCIAL TIMES



Have your say on county council's budget plans

Melton Times

Residents in the Melton borough are being asked for their views on Leicestershire County Council's proposed budget, which includes a five per cent rise in the authority's share of local Council Tax bills.

Children's social work agency spending soars, research suggests

BBC

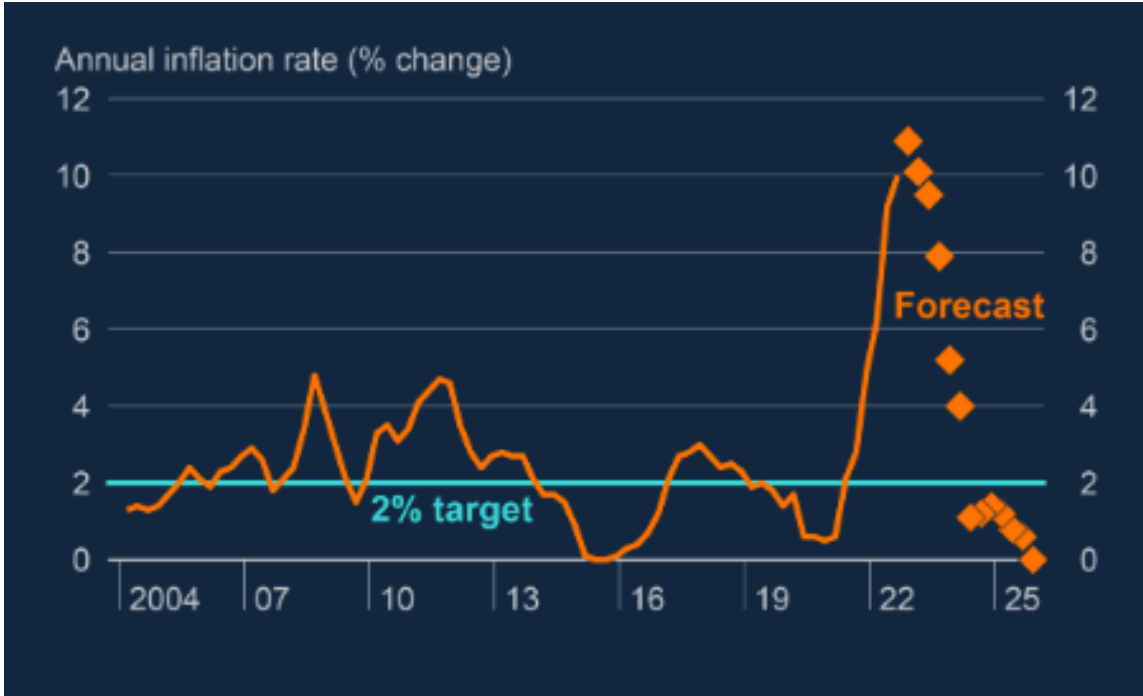
Headlines

- Revenue budget - £504m in 2023/24
- Based on Council Tax increase of 5% in 2023/24 (3% core and 2% Adult Social care)
 - Equates to £1.39 per week increase for Band D home
 - Raises £18m more for LCC services every year
- Four-year MTFs includes:
 - £57m more to support vulnerable people (children's and adult social care)
 - £80m for inflationary pressures
 - £34m of efficiency savings + £25m of special educational needs and disability savings
 - £4m of service reductions
 - Assumption of 2% council tax in later years
- Estimated 250 reduction in posts (redundancies will be much less as scope to mitigate through turnover/redeployment)
- Capital programme - £508m over four years for roads, schools and other projects



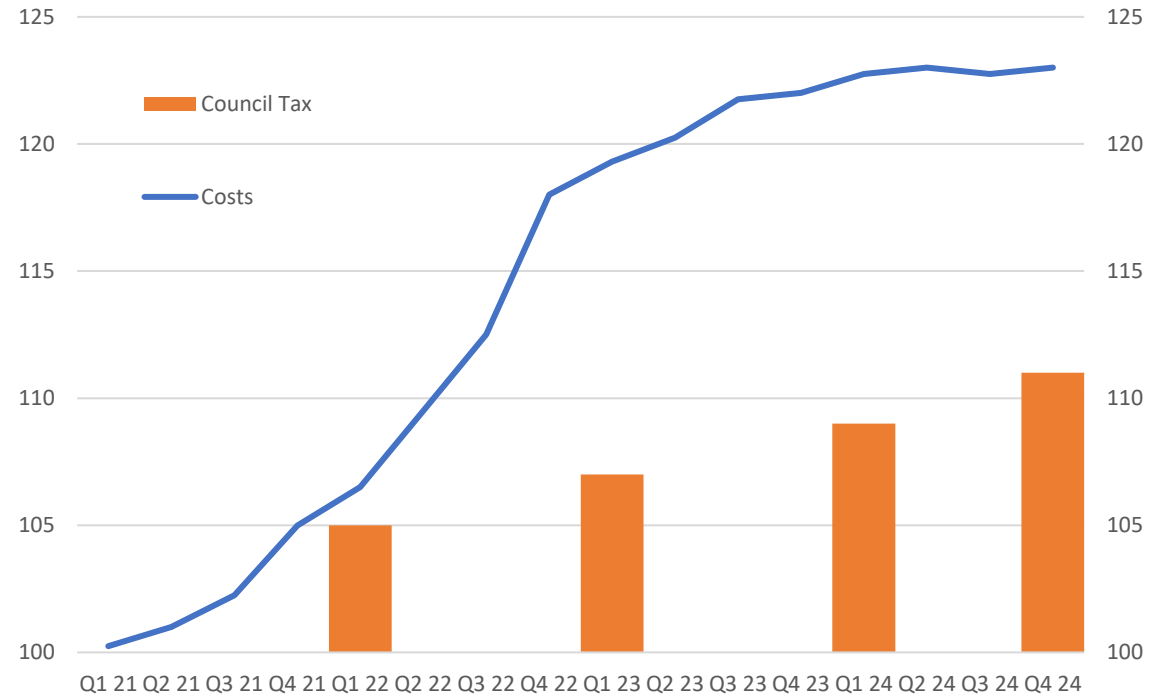
Inflation impact

Bank of England inflation forecasts



Expected to fall sharply – potentially negative before stabilising at 2% target from 2027

Cost increase vs Council Tax increase



Emerging pressures – 2023/24

Pay awards ~ +£14m

+

National Living Wage ~ +£8m

+

Contract inflation ~ +£9m

+

Service Demand ~+£17m



Financial gap – how changed since last year

£ millions	2023/24	2024/25	2025/26	2026/27
MTFS Gap (current MTFS)	8	24	40	40
Change based on latest information/measures taken	-8	-7	14	52
Potential Gap	0	17	54	92
Savings incorporated into plans	19	36	50	63
Total Challenge	19	53	104	155
Challenge with maximum council tax (4.99% per year)		42	81	120

- Already saved £250m since 2010
- Need to find another £155m in just four years
- Maximising Council Tax still leaves £120m gap
- Further Government support? Unlikely to be significant
- More savings required



Savings

£ millions	2023/24	2024/25	2025/26	2026/27
Efficiency savings (including High Needs)	17.7	32.3	45.3	58.6
Service reductions	1.2	3.6	4.2	4.2
Total savings	18.9	35.9	49.5	62.8
Service reduction (% of total)				7%

- Service reduction - £1.2m in 23/24 rising to £4.2m by 26/27
- 7% of savings total (some will be mixed with efficiency or income)
- Will be subject to public consultation and impact assessments
- Main areas:
 - Shire Grants
 - Recycling and household waste site provision
 - Park and ride
 - Street lighting
 - Bus subsidy
 - Homelessness support
 - Health improvement services



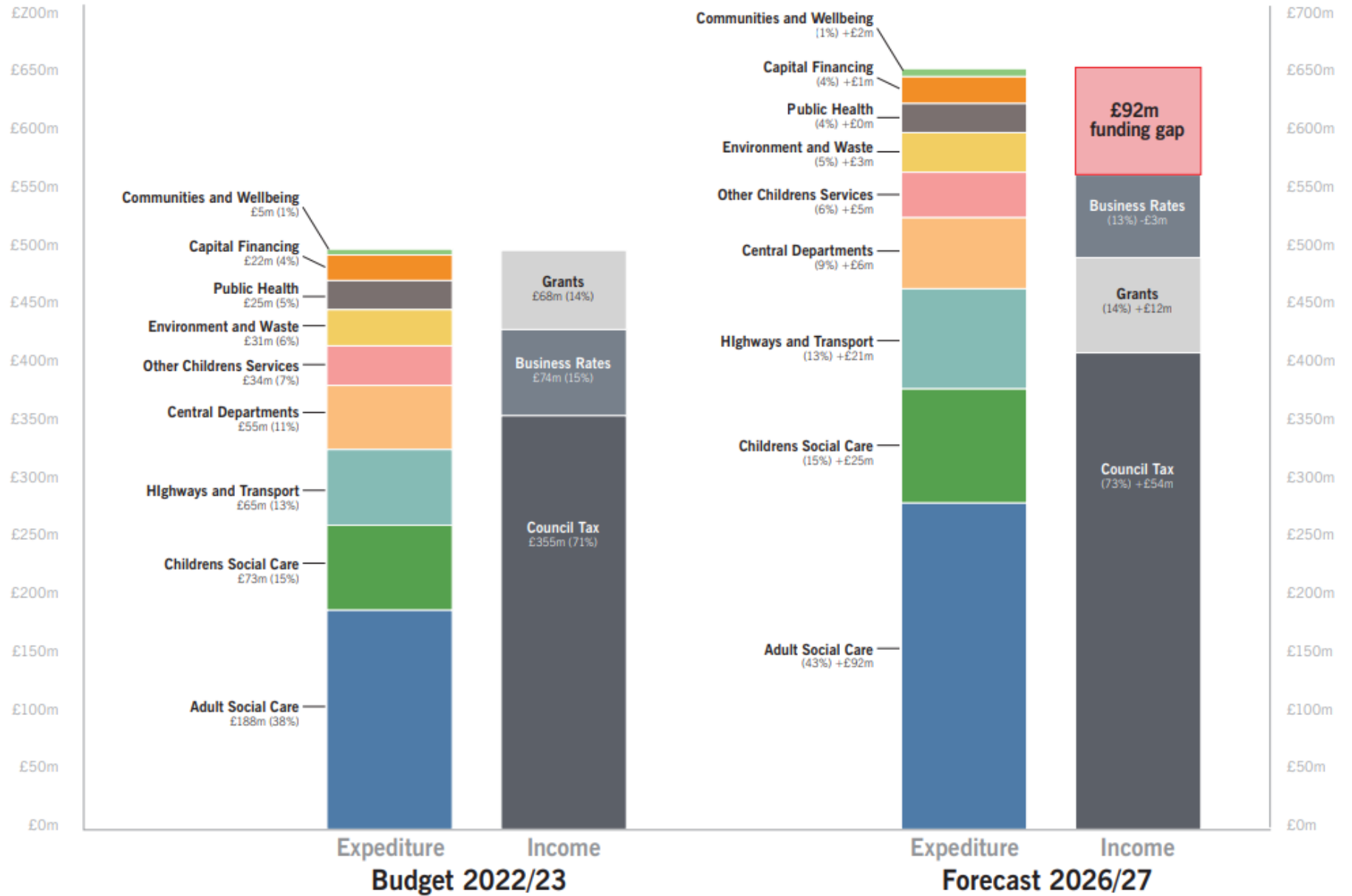
Criteria for Member decision making on service reductions

- Statutory or discretionary provision or service
- National or local access criteria
- Impact on vulnerable individuals and communities/EDI impacts
- Consultation feedback
- Scale of potential saving
- Ease of implementation/delivery timescales
- Political pledges/commitment to implement
- Impact on Strategic Plan priorities
- Reputational risks



Budget and Income

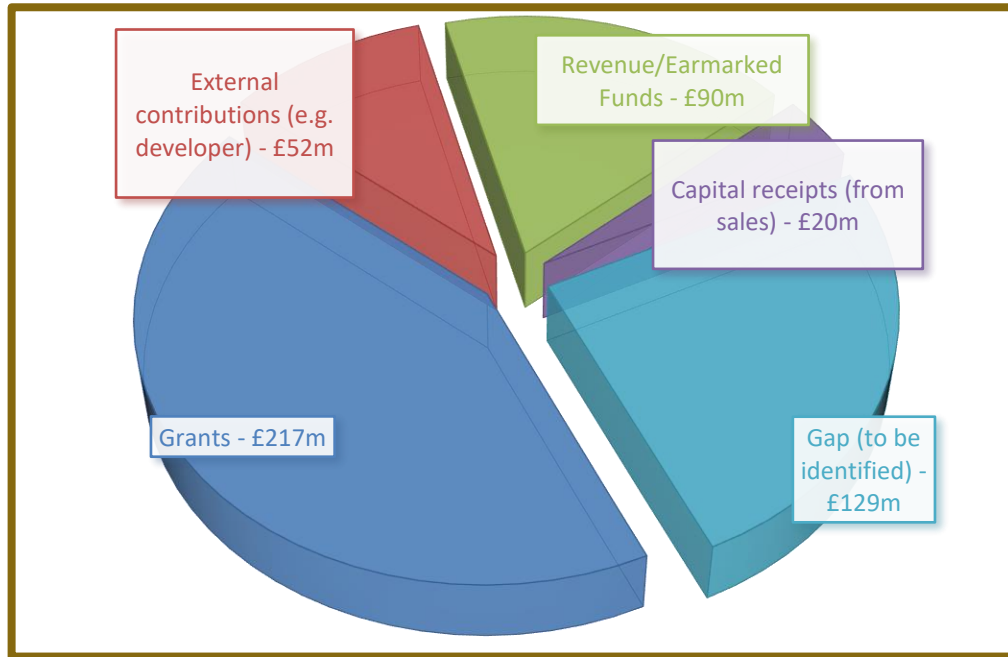
Changes over
MTFS period



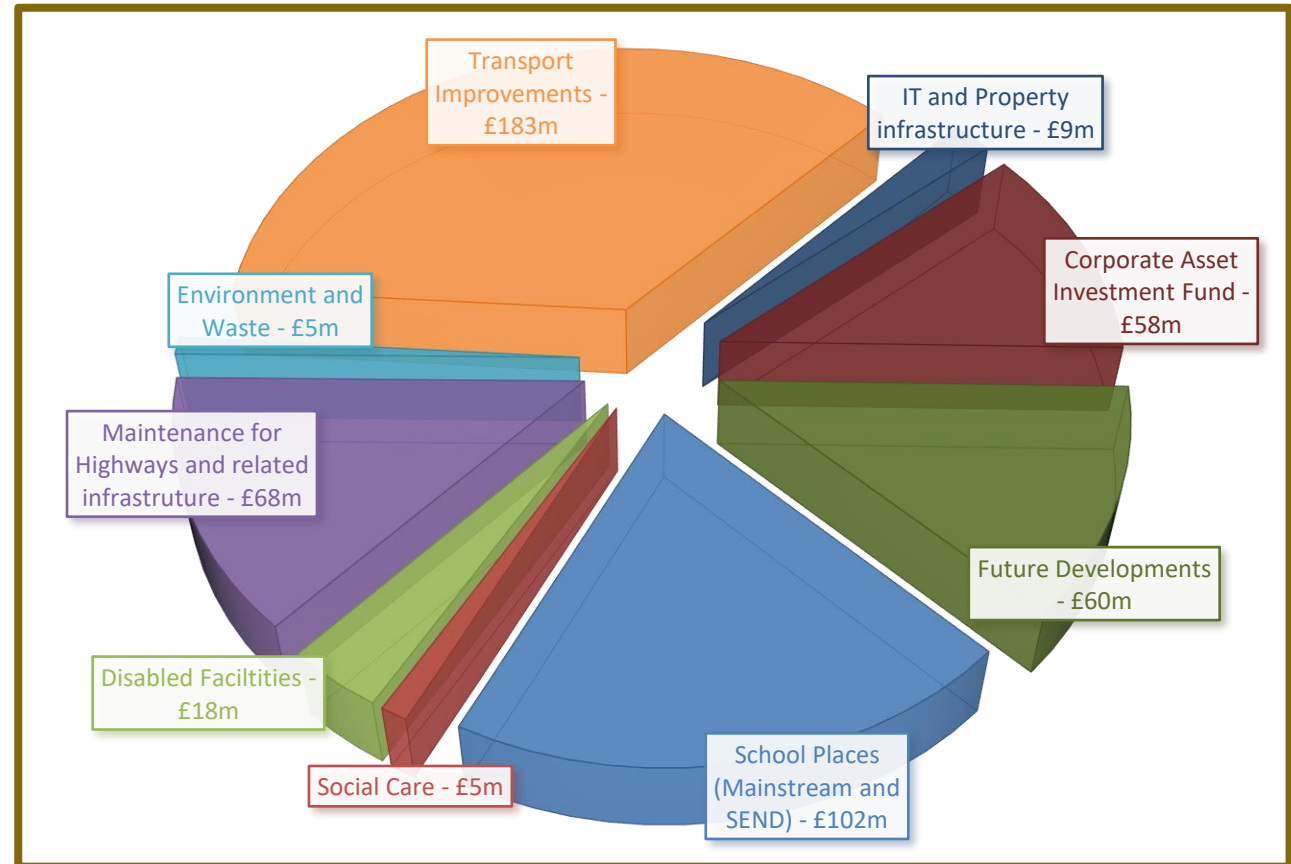
Capital Programme

£504m over four years

Funding Sources



Expenditure



FAQs

- Will the Government step in?
- Can't we just hunker down until this passes (use reserves)?
- Are we going bust?
- Why publicise?



Uncertainties

- Local government settlement
- Detailed information for 23/24 only – general economic picture to estimate later years impact
- Some specific grant allocations still unknown for 23/24
- Inflation – under control?
- Adult social care reform and funding (new parliament)
- Fair cost of care assumptions in advance of reform
- Fair funding – no benefit assumed
- Pay awards
- Recession impact on Council Tax base and collection
- Other reforms



Consultation – have your say

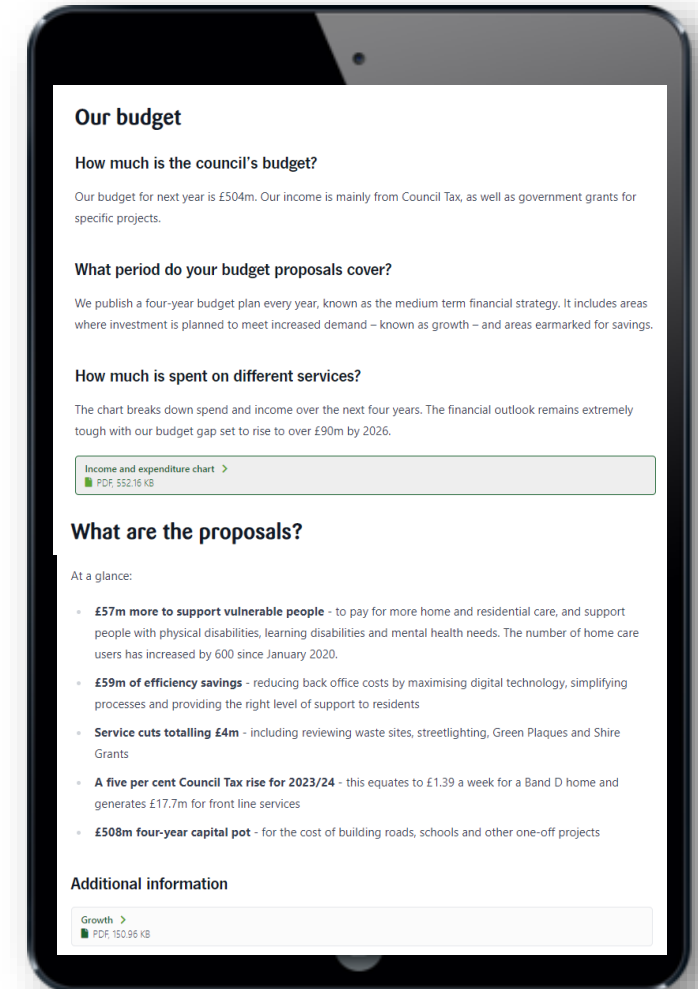
Budget consultation runs to 15 January

Aiming to increase response level

More information in the public domain earlier this year, given scale of challenge

More information about challenges online –find out more and comment:

www.leicestershire.gov.uk/budget





Questions and discussion

Please raise your hand or use the chat function

Next steps and feedback

- The presentation and recording of this session will be sent to you and will be made available on the County Council YouTube site.
- Thank you

