

Medium Term Financial Strategy: Parish and Town Council Webinar

Format

Overview of the webinar

Introduction

Presentation of Financial Position

Questions and Discussion

Feedback

Next Steps

Introduction

Mr Nick Rushton CC

Leader Leicestershire County Council



Tony Roe @tonyroe · 3h
 Frightening. Terrifying. The financial position of @LeicsCountyHall says leader @nrushton as he urges the Government to help bridge the gap before they have to make budget cuts he says will be political suicide. @bbcemt @BBCLeicester



339 views
 3 6 6



BBC East Midlands @bbcemt · 2h
 Leicestershire County Council says it is facing a "worsening and frightening financial outlook"



bbc.co.uk
 Leicestershire County Council deficit set to increase by millions



HFM News @hfmnews · 5h
 Leicestershire County Council is warning of major cuts to services after describing its financial outlook as 'dire':



harboroughfm.co.uk
 Council Warns Of Cuts To Services Amid 'Dire' Financial Outlook

THURSDAY, SEPTEMBER 22, 2022

Leicester Mercury

Faes showed he will be big asset for City

City news, plus Tigers, Riders, cricket and golf Pages 44-48

£135M IN CUTS MAY BE NEEDED

Council looking at savings in areas such as
 Road repairs Public health Turn to Pages 4&5
 Bus services Day centres
 Streetlights Respite care

Discover the power to lower prices on page 2.

Melton Times

Melton's bypass under serious threat because of council's 'terrifying' financial status

The building of Melton's long-awaited bypass is now under serious threat because of Leicestershire County Council's 'terrifying' financial situation.



BBC Radio Leicester @BBCLei... · 2h
 Leicestershire County Council says it is facing a "worsening and frightening financial outlook"



bbc.co.uk
 Leicestershire County Council deficit set to increase by millions



Room151 @room_151 · 1h
 'Nothing off table' as Leicestershire faces £140m budget gap: Leicestershire County Council's budget gap is set to grow from £8m to £28m next year and could top £140m by 2026 according to a report from the authority's director of [...] dlvr.it/SYggqb



County looks at service cuts over 'frightening' budget gap

20 SEPTEMBER 2022
 Leicestershire CC has warned that inflation could lead to a £140m shortfall...



FOSSE 107

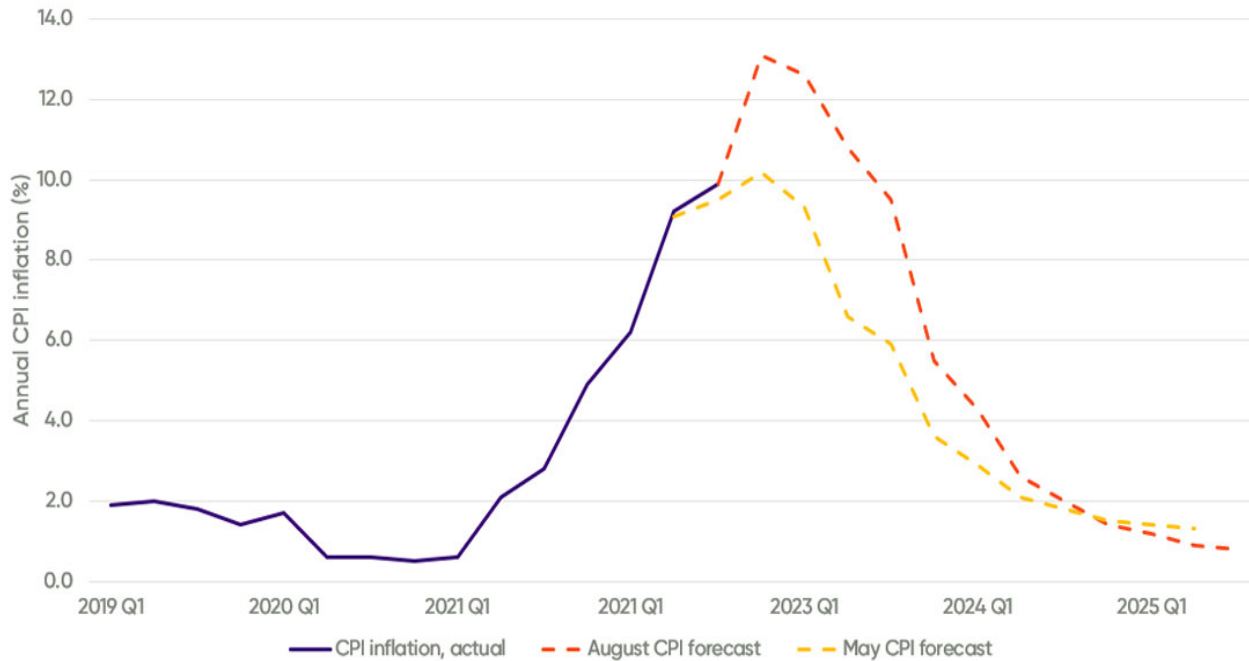


County's financial situation 'worse than years of austerity'

Leicestershire County Council is investigating the sale of Beaumanor Hall.

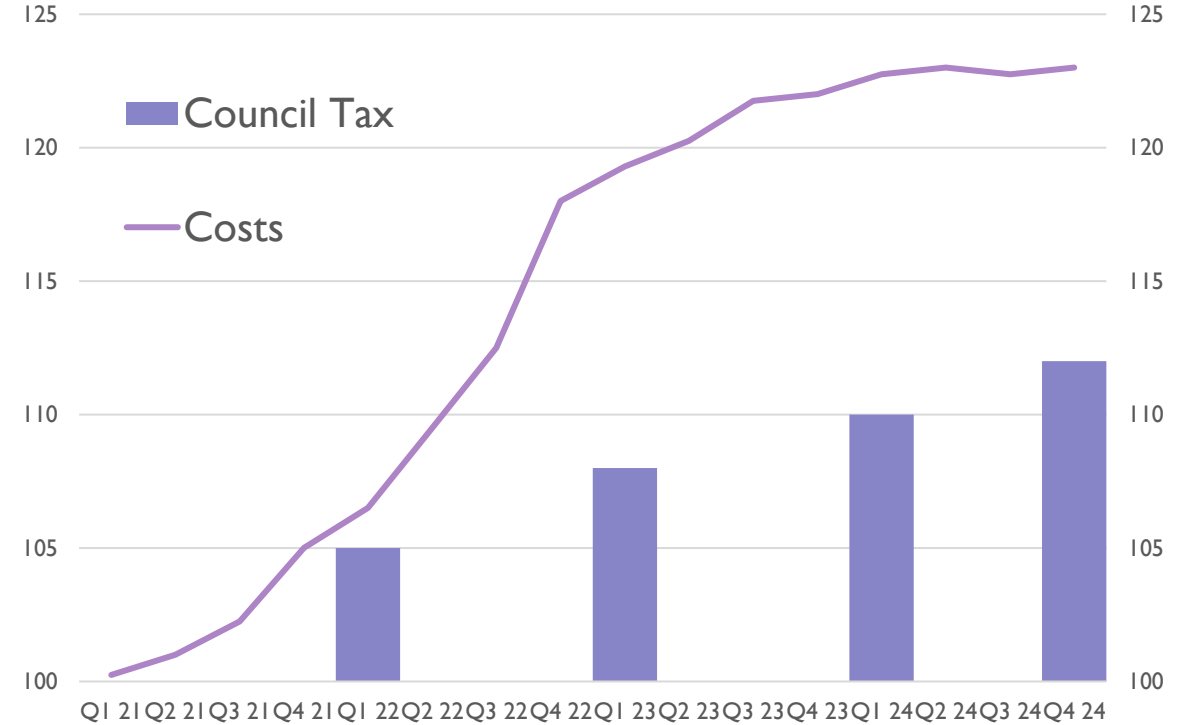
Why is an inflation spike a problem?

Bank of England inflation forecasts



Source: ONS and Bank of England, August 2022

Actual price



War in Ukraine → Higher energy + food costs → Higher wages

Financial gap - estimate

£ millions	2023/24	2024/25	2025/26	2026/27
Current MTFS Gap	8	24	40	40
Estimated Increase	21	54	65	95
Potential Gap	29	78	105	135
Existing Savings	13	23	32	32
Total Challenge	42	101	137	167

- Closing financial gaps has become business as usual

BUT

- Austerity was £230m in 12 years
- Facing c.£170m in 4 years

Emerging pressures – 2023/24

Pay awards ~ +£14m

+

National Living Wage ~ +£8m

+

Contract Inflation ~ +£9m

+

Adult Social Care reform ~+£5m

On top of ongoing pressures:

- significant growth in demand
- shortages of core skills/resources

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

FAQs

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

Medium Term Financial Strategy approach

Savings

- Urgent progress needed on delivering existing savings (including earlier)
- Focus on new savings that can be delivered in short time scale
- Proposals for service reductions for Member decision making

Spend controls

- In-year and forecast position necessitates introduction

Growth

- Unavoidable only

Capital

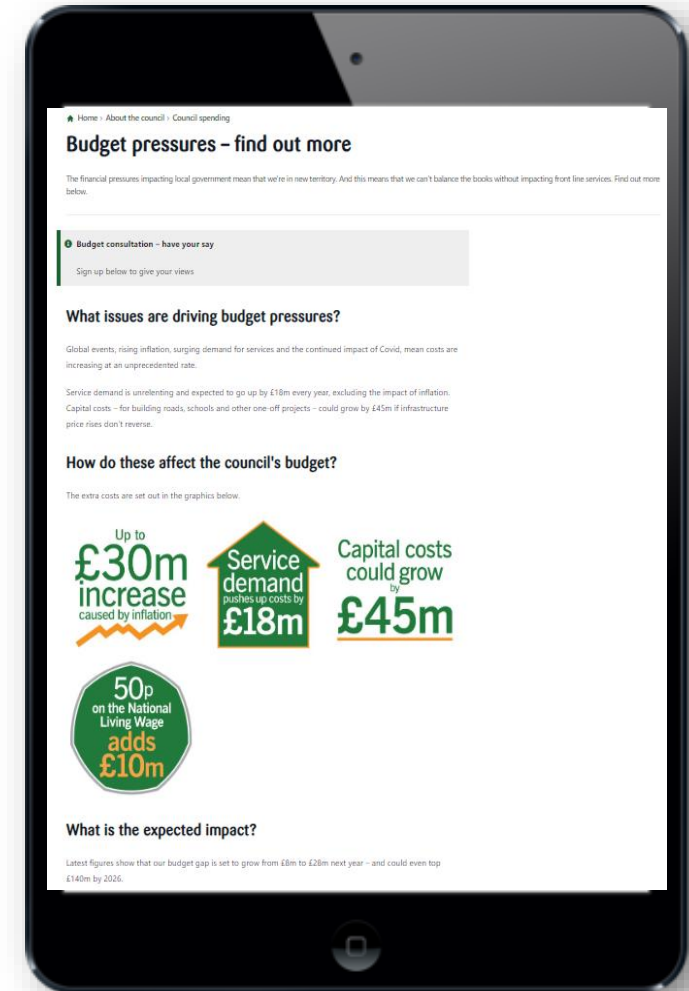
- 2-year moratorium on additional so restrict to invest to save, end of life or fully funded

Reserves

- Further assessment of reserve balances and use

Consultation

- Budget consultation will run from mid-December to mid-January
- Trying to encourage greater level of response
- More information in the public domain earlier this year given scale of challenge
- More information about challenges online – and opportunity to sign up for the consultation



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 out via the LRALC Round Robin to all Town and Parish Councils
- Information on the Budget Consultation will be sent in the same way
- Please provide feedback on this session through this link, which is also copied into the chat function <https://www.menti.com/alh5sjygws4m>

Thank you