



Leicester
City Council

MEETING OF THE ADULT SOCIAL CARE SCRUTINY COMMISSION

DATE: THURSDAY, 25 JANUARY 2024

TIME: 5:30 pm

PLACE: Meeting Room G.01, Ground Floor, City Hall, 115 Charles Street, Leicester, LE1 1FZ

Members of the Committee

Councillor March (Chair)

Councillors Cole, Dave, Joannou, Kaur Saini, Orton, Singh Sangha and Surti

Members of the Committee are invited to attend the above meeting to consider the items of business listed overleaf.

For Monitoring Officer

Officer contacts:

Georgia Humby (Senior Governance Support Officer)

Jessica Skidmore (Governance Support Officer)

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Further information

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PUBLIC SESSION

AGENDA

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1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

Members will be asked to declare any interests they may have in the business to be discussed.

3. MINUTES OF THE PREVIOUS MEETING

Appendix A

The minutes of the meeting of the Adult Social Care Scrutiny Commission held on 30 November 2023 have been circulated and the Commission is asked to confirm them as a correct record.

4. PETITIONS

The Monitoring Officer to report on any petitions received.

5. QUESTIONS, REPRESENTATIONS AND STATEMENTS OF CASE

The Monitoring Officer to report on any questions, representations or statements of case.

6. DRAFT GENERAL REVENUE BUDGET AND CAPITAL PROGRAMME 2024/25

Appendix B

The Director of Finance submits a draft report proposing the general fund revenue budget and capital programme for 2024/25.

Members of the Commission will be asked to consider and provide any feedback which will be submitted to the Council Budget meeting in February 2024.

7. REVISION TO THE CHARGING POLICY

Appendix C

The Director of Adult Social Care and Safeguarding submits a report updating the Commission on proposed changes to the charging policy.

8. DIRECT PAYMENTS OVERVIEW

Appendix D

The Director of Adult Social Care and Safeguarding submits a report providing the Commission with an overview on direct payments.

9. HASTING ROAD DAY CENTRE UPDATE

Appendix E

The Director of Adult Social Care and Commissioning submits a report updating the Commission on the progression of the closure of the Hasting Road Day Centre.

10. TASK GROUP REVIEW: UNDERSTANDING THE INCREASING COST OF CARE PACKAGES WITHIN ADULT SOCIAL CARE BUDGETARY PRESSURES

Appendix F

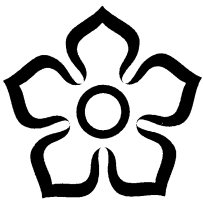
The Director of Adult Social Care and Commissioning submits a report updating the Commission on the response to recommendations by the taskforce investigating the increasing cost of care packages within Adult Social Care

11. WORK PROGRAMME

Appendix G

The current work programme for the Commission is attached. The Commission is asked to consider this and make comments and/or amendments as it considers necessary.

12. ANY OTHER URGENT BUSINESS



Leicester
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Appendix A

MINUTES OF THE MEETING OF THE
JOINT MEETING OF THE PUBLIC HEALTH & HEALTH INTEGRATION SCRUTINY
COMMISSION AND THE ADULT SOCIAL CARE SCRUTINY COMMISSION

Held: THURSDAY, 30 NOVEMBER 2023 at 5:30pm

P R E S E N T :

Councillor March (Chair)
Councillor Whittle (Vice Chair)

Councillor Bonham
Councillor Dave
Councillor Kaur-Saini
Councillor Orton

Councillor Sahu
Councillor Singh-Sangha
Councillor Surti

In Attendance

Deputy City Mayor, Councillor Russell – Social Care, Health and Community Safety

* * * * *

7. INTRODUCTIONS AND APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Modhwadia, Cllr Joannou and Cllr Zaman.

8. DECLARATIONS OF INTEREST

The Chair asked members of the commission to declare any interests in the proceedings. Cllr Sahu declared that she co-owned a business which delivered training to the NHS.

9. MINUTES OF THE PREVIOUS MEETING

The Chair noted that the minutes of Adult Social Care Scrutiny Commission meeting held on 5 October 2023 were included within the agenda pack and asked members to confirm that they could be agreed as an accurate account.

The Chair highlighted that the recommendation by the Commission to change the minimum CQC inspection of 'Requires Improvement' with 'Good' in the 'well

led' section, to overall inspection being 'Good' had been accepted and reflected in the contractual arrangements.

It was further noted by the Chair that questions previously asked by Cllr Dave and Cllr Joannou in relation to the workforce be covered in the first main item on the agenda.

AGREED:

- Members of the Adult Social Care Scrutiny Commission confirmed that the minutes for the meetings on 5 October 2023 were a correct record.

10. PETITIONS ,QUESTIONS, REPRESENTATIONS AND STATEMENTS OF CASE

The Monitoring Officer noted that none had been received.

11. EXTERNAL ADULT SOCIAL CARE AND NHS WORKFORCE 2022/23

The Director of Adult Social Care & Commissioning introduced the item noting that two reports had been submitted and that synergies could be seen across both. The adult social care report was based on data from Skills for Care where Leicester has around a 50% return rate.

It was also highlighted that a professional carer of the year award event was being hosted by Inspired to Care in the city at the same time as the meeting to celebrate the workforce.

The item was presented by the Director of Adult Social Care & Commissioning and Chief People Officer for the Integrated Care Board, and it was noted that:

- The social care workforce nationally is significant, and the Skills for Care data indicates there are around 15k posts in the city, of which around 14k are filled leaving around 1k vacancies. 6% of the workforce are recruited by the local authority, 81% in the independent sector, 8% in receipt of direct payment and around 6% other.
- There are 268 CQC regulated providers in the city, including 98 residential settings and 170 non-residential, primarily providing home care.
- Turnover in the workforce compares favourably in the city with the region and national average. Whilst people may leave specific roles, they are likely to be retained in the adult social care sector.
- Vacancy rates in the city is lower than the region and national rate at 7.5%. National vacancies have decreased due to an international recruitment campaign and benefits are being seen locally.
- The local workforce is relatively stable with workers on average having eight years' experience and 68% working in the sector for at least three years.

- There are various initiatives in place locally to support providers to recruit and retain workers in the sector and deliver training, including working with Inspired to Care and the Integrated Care System.
- Providers do employ staff on zero-hour contracts, but the authority is working to improve this and request contracted providers provide evidence of where this may be a personal preference of the workforce.
- Achievable pay rates for providers are incorporated into contracts using the funding formula.
- There is an ambition to have one workforce across health and social care in Leicester, Leicestershire and Rutland. A People Board has been in operation since 2018 to ensure collaborative working for recruiting, retaining, and upskilling the local workforce prior to the publication of the national NHS long term plan and next steps to put people at the heart of care.
- Around 70k individuals are employed by the health sector across LLR and the workforce has continuously been growing since 2019 – 7.7% increase. There are around 2855 health vacancies with the largest group in nursing which is a national trend.
- Primary care has seen the largest growth in the workforce with an increase of 26%. National funding enabled the ‘additional roles and responsibilities’ scheme to ensure multi-disciplinary teams to enable residents to be seen by a skilled professional at the right time.
- Sickness rates have reduced overall to 6% across the health sector in LLR, although there are variants amongst teams and services. Availability of staff across the workforce enables services to be delivered whilst managing sickness.
- Work is underway to retain staff and whilst individuals may leave a role within one health organisation and join another within the local system, staff leaving the LLR health sector workforce entirely has reduced to 7.2%.
- The report includes the initiatives and programmes underway across health and social care to shape the workforce for the future.

In response to questions and comments from Members, it was noted that:

- The workforce is larger than just those providers who the local authority have formal contractual arrangements in place with to specify obligations. There is also a responsibility under the Care Act to support the whole market and the Adult Social Care division contact all providers in the city through campaigns and sharing information via the council and inspire to care website, as well as offering training and advice to all providers.
- Over the next ten years it is expected the age profile will change and require an additional 2.5k posts to support the sector. It was agreed further information would be circulated in relation to timeframes.
- Zero-hour contracts is not as good as the service would like and where contractual arrangements are in place, providers are expected to audit where it is the employee’s choice. It was agreed officers would look at how this will be audited.

- 40% of the workforce hold a relevant adult social care qualification but many of those that do not have years of experience or other qualifications.
- Pay rates are lower than other areas but are based on the local situation and comparable.
- The workforce cannot be required to be a member of a trade union, but it was agreed that information will be requested and circulated on any available data.
- Social worker caseloads are carefully managed to prevent turnover which is lower than the authority average, but pressures do exist, including pace and complexity of cases.
- Adult Social Care have been successful in recruiting and training officers, particularly through the grow your own scheme and utilising apprenticeships. The difficulty surrounds recruitment to experienced posts, especially when officers move into team leader roles.
- Data is not readily available for safeguarding alerts, but the service monitor alerts made by setting and type of abuse. Other monitoring includes quality improvement work if a provider is in escalation which is normally undertaken by the contracts and assurance team but will also work with individual providers too.
- Use of direct payments will vary the training required. If the direct payment is being used to pay for agency registered with the CQC then it would be expected that the workforce receive training as part of CQC registration requirements, but the local authority wouldn't monitor if the provider is not contracted. If an individual uses a direct payment for a personal assistant, then it is their responsibility to check and ask about training. Guidance is provided to individuals in receipt of direct payments on things to ask and look for when recruiting but the local authority has no control who individuals employ or mandating training.
- Feedback regarding the Inspire to Care website, particularly around lack of reference to apprenticeships will be reviewed.
- Apprenticeship growth is recognised in the long-term plan and £3.7bn funding to increase professional groups over the next 15 years. The ambition is to change the way nursing and the medical workforce is trained - next year will be the first time of medical apprenticeship to remove barriers.
- Ideally the whole workforce would be in receipt of the living wage but as an independent sector, budgets do not allow without other consequences.
- The health service has a statutory requirement to publish data annually in relation to the workforce in terms of race, ethnicity and disability. It was recognised senior management level is not representative, but a working group is in place to look at all action plans to improve. It was agreed that data would be circulated to the commission.
- Monitoring and reporting of the workforce is undertaken at different levels across organisations but this is the first time a combined report has been compiled and shared with the commission.
- Reverse mentoring involves a senior officer being mentored by a junior officer of a global majority background to provide learning and make

change.

The Chair thanked officers for the report, noting it has been an area of interest for some time given the importance across health and social care. It was requested that a future report incorporate more of the workforce and use the same metrics to enable the commission to analyse data.

AGREED:

- The Commission noted the report.
- Additional information requested be circulated.
- Item to remain on the work programme for further updates, including a report on apprenticeships.

12. LEICESTER ADULTS SAFEGUARDING ANNUAL REPORT

The Independent Chair of the Leicester Adults Safeguarding Board presented the item, and it was noted that:

- The Care Act specifies three statutory duties for the safeguarding board, including publishing the LSAB Plan 2022-25 on the website, publishing an annual report and commissioning safeguarding adult reviews to understand if lessons can be learnt.
- The safeguarding board is made up of partners and subgroups who undertake work.
- Almost half of individuals in the city identify as an ethnic minority group which is important for safeguarding tracking to ensure all communities are aware of safeguarding. The local population is not currently reflective in investigatory work, but a high-level dashboard is being explored to monitor progress.
- Data is collated from the local authority, police, and health for investigations. Local authority concerns referred as safeguarding gather further information to establish safe or action needed. 48% of referrals resulted in inquiries, in line with the national average.

In response to questions and comments from Members, it was noted that:

- Healthwatch represent the VCSE sector on the Board and support the co-ordination and engagement subgroup, although the suggestion of further VCSE representation will be considered.
- Safeguarding Adult Reviews are important and helpful for learning. Timescales to complete reviews can be long for a variety of reasons, including engagement with families or involvement of the coroner but work is underway to ensure learning is underway as quickly as possible.
- The internal workforce is small, but a check will be made regarding whether any Ukrainian social workers have been recruited.
- Local Authorities collect and report data nationally. The Director of Adult Social Care & Safeguarding chairs the performance subgroup which monitors dashboard indicators to track referrals. The subgroup is looking

at issues associated to variations in data and ensuring it is better reflective of the population and care settings.

- The engagement subgroup undertake work with community groups and leaders across the city to ensure safeguarding and its importance is promoted and understood. The Ukrainian case study within the report is one example of work undertaken following the welcoming of refugees to the city.

The Chair thanked the Independent Chair of the Leicester Adults Safeguarding Board and the assurance the report provides in learning from serious situations to keep people safe.

Thanks to the late Fran Pearson were also expressed and the Chair noted she will be much missed.

AGREED:

- The Commission noted the report.
- Additional information requested be circulated.

13. ADULT MENTAL HEALTH

The Director of Strategy & Business at Leicestershire Partnership Trust presented the item, and it was noted that:

- The local authority and health partners continue to work together to support residents with mental health and all strategies that have been developed feed through into the city's mental health partnership board which is a sub-group of the Health & Wellbeing Board.
- Services provided under *Leicestershire 'Step-Up to Great' Mental Health* have now been replaced by *Better Mental Health for All*.
- Community mental health services are provided to people whilst they are living at home and are delivered by the local authority, VCSE organisations and health providers. Promoting good mental health and wellbeing in the community helps residents to maintain employment, housing and contribute to society and be part of their community.
- There have been increasing referrals for adult psychiatry services – now between 300-350 referrals a month across LLR. This has been a challenge for the way of working but initiatives have been underway to increase the workforce by identifying new ways of recruiting, being flexible with a multi-disciplinary team to ensure residents are seen by a professional with the appropriate skills at the right time and undertaking casework reviews.
- Perinatal services to support new mothers is on track to meet the target of seeing 1259 mothers, using birth rate indicators, by 31 March 2024 and sustaining the service following an increase in investment.
- ADHD services remain a big challenge with increasing referrals and the 18week target to see patients is not being met. This is a challenge for all areas across England and work is underway to partner with others to identify solutions. LPT remains the central hub for prescribing

medication for residents with ADHD, but spokes have been created by working with community pharmacies to ensure patients are able to access medication until supply is restored.

- Memory clinics are not meeting targets for expectation diagnosis per population rate. The service is increasing the referrals received - around 316 a month – and currently achieving 65.4% diagnosis with a target of 66.7%.
- Targets of 95% compliance of seeing patients for dynamic psychotherapy services, psychological therapies and therapeutic services for personality disorders are not currently being met but work is underway for improving.
- Urgent care has been expanded and includes central access point. Around 167 calls a day are received with average call times reducing from 15minutes to 12minutes. National performance indicators currently will be introduced from April 2024 which will enable benchmarking against other authorities.
- An urgent care hub is available to try and prevent residents having to go to A&E. The unit has around 270 referrals a month.
- The crisis service has a caseload between 180-210 patients at any given time. The 4hour response for very urgent cases is at around 80% of the 95% target.
- There has been investment in the mental health liaison service to provide support to all hospitals in the city. A challenge exists around the timeframes of a patient being identified as needing mental health support and referral being made but LPT and UHL colleagues continue to work together.
- Leicestershire Partnership Trust is the only trust in the East Midlands not to have placed a patient in an inappropriate out of area. There may be occasions where it is appropriate to be out of area.
- Health partners work closely with social care to ensure patients who are clinically ready for discharge can return to the community as quickly as possible but there may be a change in circumstances and complex needs that may create delays.
- The NHS supports individuals with more severe mental health but other preventative work and championing good mental health and wellbeing can be undertaken and promoted by everyone.

In response to questions and comments from Members, it was noted that:

- The NHS provides a large proportion of medication for ADHD to adults, but experiences can vary as the private sector and GPs can also prescribe which may be different.
- The service has maintained zero inappropriate out of area placements in 2023, ensuring patients receive support in Leicestershire.
- Partnership working between the health service and local authority ensures patients are discharged from hospital quickly when they are clinically ready. Housing or placement requirement can be an issue with increasing individuals with complex needs but numbers waiting for discharge are low.

- Information would be shared with the Commission regarding patients with a learning disability or autism in inpatient settings.
- The adult memory service is available to patients post diagnosis. Individuals are signposted to VCSE organisations providing different support, support workers with lived experience are being recruited to support families when an individual is diagnosed, alongside other work as part of the dementia strategy.
- Strategies around preventing death by suicide are in place and it was agreed a specific report will be shared with the commission on the issue.
- Every missed phone call is a missed opportunity to engage with an individual seeking help and ensuring sufficient and flexible capacity to answer calls requires improvement. Some individuals may call repeatedly and prevent other's ability to speak to an advisor, but strategies are being explored to support such individuals in different ways and identify a more streamlined approach to be more responsive to calls.

The Commission noted the success of LPT regarding out of area placements and agreed to promote better mental health.

AGREED:

- The Commission noted the report.
- Additional information requested to be circulated.
- Death by suicide to be added as an item to the work programme.

14. DRUG AND ALCOHOL SERVICES UPDATE

The Public Health Consultant presented the report, and it was noted that:

- There are high numbers of individuals who are not in treatment for both drug and alcohol use. Those who are in treatment often have complex needs that require additional support.
- A large proportion of the local population do not drink but there is a disproportionate impact on people who do. There is a high rate of hospital admissions and deaths.
- Success of recovery is more likely when supported by individuals with lived experience – peer mentors and support groups are therefore utilised in recovery journeys.
- Turning Point provide the largest contracted support for treatment and recovery in the city. Other support is provided at No5 which is the only wet centre in the country and often recognised as such. Unity house also provides supported accommodation for abstinent individuals moving back into the community and an inpatient detoxification unit is provided in Nottingham to provide support to individuals usually over ten days to safely reduce or stop their substance use. There are additional services provided by health partners for individuals who also have a mental health condition.
- Funding for treatment has been significantly reduced nationally over

then last ten years but Leicester continues to be an area with greatest need. Government funding (in addition to core public health funding) is secured to support initiatives until 2025 - with no further commitment currently beyond 2025.

- National policy has altered with a shift to punishing individuals for recreational drug use which can create barriers to accessing treatment.
- A combined drug and alcohol strategy has been developed which includes governance structures and task and finish groups. Current plans include identifying priorities for utilising funding and providing evidence to plan for possible future scenarios if funding is reduced.

In response to questions and comments from Members, it was noted that:

- Treatment is available but individuals may access sporadically, may not want support or may be unaware they need support. The service work with individuals, families and communities to break down barriers to accessing treatment. An article was reported in the national drugs bulletin on reaching out to different communities and agreed to be circulated.
- Evaluation of the No5 Wet Centre outcomes and achievements will be explored by officers.
- Indicators around drugs can be difficult to measure against as success is defined as being abstinent which is not accurate for all individuals as some may aim to reach a maintenance level. Leicester performs worse than others on this indicator as individuals are likely to have high complexity of need and Turning Point have high caseloads. The indicator is being changed nationally to monitor progress during treatment rather than just abstinence.
- The inpatient detoxification unit located in Nottingham is commissioned and funded by the NHS for people across the Midlands area to access. The current government grant funding for drug and alcohol services is only confirmed until 2025 and usually provided on an annual basis limiting forward planning and commitment for additional units in different locations.
- Families known to social care where a parent is identified to have a drug or alcohol addiction will have a referral made and expected to access treatment with relevant safeguarding plans for the child(ren).
- Deaths associated to alcohol is higher than the national average as a deprived city individuals who drink less are likely to suffer more harm and have higher complexity of needs.

AGREED:

- The Commission noted the report.
- Additional information be circulated.
- Item to remain on the work programme.

15. DEMENTIA STRATEGY

The Director for Adult Social Care & Commissioning noted the *Living Well with Dementia Strategy* was nearing its end and therefore the service have worked collaboratively across LLR and with partners and carers to develop a refreshed Strategy. A consultation exercise had been carried out and the feedback helped in shaping the new Strategy, due to launch in January 2024.

In response to questions and comments from Members, it was noted that:

- The strategy will be delivered with action plans produced at a local level to ensure residents can access the appropriate support at the right time.
- The diagnosis rate in the city is 73.8% of the population – the second highest across the east and west midlands.
- Various support services, such as advice, emotional support, carer learning, groups and carer free time, are available for individuals both pre and post diagnosis, including the commissioned dementia support service and from other VCSE organisations. The service are working with health partners to provide consistency of admiral nurses.
- GP referrals have been increasing although it varies. Work continues to target and support primary care settings to refer and/or signpost patients to appropriate services.
- The refreshed strategy builds on previous work to ensure continuity.

AGREED:

- The Commission noted the report.
- The Commission to support and share the aims of the strategy.

16. WORK PROGRAMME

The Chair thanked Members for their contributions to joint discussions and noted that she will continue to work with the Chair of the Public Health & Health Integration Scrutiny Commission to ensure items of mutual interest are considered together where appropriate.

The Chair noted that she had requested briefing notes to be provided to the Adult Social Care Scrutiny Commission in relation to the £400k savings in the enablement service and calls being dropped by the customer service centre.

It was further noted that the next meeting would take place on 25 January and Members were reminded to share items for consideration.

17. CLOSE OF MEETING

There being no further business, the meeting closed at 20.21.

Revenue Budget 2024/25

Decision to be taken by: Council

Date of meeting: 21 February 2024

Lead director: Amy Oliver, Director of Finance



City Mayor

Useful information

- Ward(s) affected:
- Report author: Catherine Taylor/Kirsty Cowell
- Author contact details: catherine.taylor@leicester.gov.uk
kirsty.cowell@leicester.gov.uk
- Report version number: 1

1. **Purpose**

- 1.1 The purpose of this report is to present the City Mayor's proposed budget for 2024/25 and to describe the future financial outlook.
- 1.2 The proposed budget is described in this report, subject to any amendments the City Mayor may wish to recommend when he makes a firm proposal to the Council.

2. **Summary**

- 2.1 The medium term financial outlook is the most severe we have ever known. Like many authorities, we face the real probability of not being able to balance our budget in 2025/26, necessitating a formal report under section 114 of the Local Government Finance Act 1988 (indeed, some authorities appear to be in that position already). In previous years, we have used a "managed reserves policy", by which specific reserves have been set aside to support budgets and buy us time to make cuts. Without new money from the Government, the proposed budget will exhaust these reserves. The Council also holds a £15m emergency reserves balance, some of which looks like it will need to be spent in 2024/25.
- 2.2 The background to this severe outlook is:
 - (a) a "decade of austerity" between 2010 and 2020 in which services other than social care had to be reduced by 50% in real terms. This has substantially reduced the scope to make further cuts;
 - (b) the covid-19 pandemic where we set "stop gap" budgets whilst we dealt with the immediate emergency. Budgets in 2021/22 to 2022/23 were supported by managed reserves;
 - (c) recent cost pressures, shared by authorities across the country. These include pressures on the costs of children looked after and support for homeless households, as well as the long-standing pressures in adult social care and the hike in inflation. The budget for 2023/24 was supported by a further £34m of managed reserves;
 - (d) a new round of austerity is expected, which will lead to further cuts to local authority funding from 2025/26. Meanwhile cost pressures have continued to mount since we set the 2023/24 budget, most notably in children's services and support for the homeless.
- 2.3 As yet, we only have national information, and have had to prepare a draft budget without the benefit of our own local funding settlement. This has required us to

make assumptions based on a share of national amounts. The report assumes that no new Government funding will be forthcoming.

- 2.4 The “fair funding” review of local government finance has been continuously delayed, meaning that most of the data on which our funding is based is now at least 10 years old (and disregards, for instance, increases in the city’s population).
- 2.5 The Government’s chosen measure of a council’s ability to spend is “core spending power”. This core spending power consists of a number of funding sources with only a small element being provided by Government Grant. This budget implies a core spending power increase of £23.8m being 6.9%. The Government may point to this as a reason why local authorities have a received an above inflation increase, but as this report indicates it does not come close enough to fund our forecast pressures.
- 2.6 Additionally, core spending power is predominantly raised locally and not provided by central government. In 2023/24 only 25% of core spending power came from government grant
- 2.7 The budget reflects savings of £10m which have been achieved during 2023/24 and approved separately. This, however, is dwarfed by the £40m of unavoidable service growth we have had to build in, and which is further explained in section 6 below. The City Mayor has made national representations about the extremely serious effect current government funding policy will have on the entire sector, but so far there has been no indication that this will be addressed.
- 2.8 We will continue to make further savings. However, it is clear that the budget needs a root and branch review if we are to have any hope of balancing the budget for 2025/26. Inevitably, this means a lot of discretionary services will be under threat. Such a review will commence in January. We have also commissioned a peer review which will be carried out early in 2024 by the Local Government Association. This will either help us identify additional savings, or provide evidence of the impossibility of the challenge.
- 2.9 The budget proposes a tax increase of just under 5%, which is the maximum we believe we will be allowed to set without a referendum.
- 2.10 The medium term outlook is attached as Appendix Four and shows the escalating scale of the financial pressures facing the council.

3. **Recommendations**

- 3.1 At its meeting in February, the Council will be asked to:
 - (a) approve the budget strategy described in this report;
 - (b) approve a formal budget resolution, which sets the council tax level for 2024/25;
 - (c) approve the budget ceilings for each service, drafts of which are shown at Appendix One to this report;

- (d) approve the scheme of virement described in Appendix Two to this report;
- (e) note my view on the adequacy of reserves and the estimates used in preparing the budget;
- (f) note the equality implications arising from the proposed tax increase, as described in paragraph 11 and Appendix Three;
- (g) note the medium term financial strategy and forecasts presented at Appendix Four, and the significant financial challenges ahead;
- (h) note that the Executive is not recommending any changes to the Council Tax Support Scheme in 2024/25, but intends to consult on a new “banded scheme” in time for the 2025/26 budget (section 8). The making of savings in the cost of the scheme will be explored at the same time.
- (i) subject to consultation, approve any changes in Council Tax premiums that will be described in a separate appendix.

4. **Budget Overview**

4.1 The table below summarises the proposed budget for 2024/25 (summary projections for a three-year period are included in the medium term strategy at Appendix Four):

	2024/25 £m
Service budget ceilings	375.5
Corporate Budgets	
Inflation provisions and contingencies	25.2
Capital Financing	2.7
Miscellaneous Corporate Budgets	2.0
Demographic pressures provision	8.0
Total forecast spending	413.4
Rates retention scheme:	
Business rates income	76.4
Top-up payment	62.0
Revenue Support Grant	34.7
Other resources:	
Council Tax	153.1
Collection Fund surplus	0.6
Social Care grants	32.1
Other grants	2.0
Total forecast resources	260.9
Underlying gap in resources	52.5
Use of Managed Reserves	43.6
Use of General Fund Emergency Balance	8.9
Gap in resources	NIL

4.2 The draft budget forecasts are uncertain, because we have had to prepare them before getting details of funding from the government. However, it is clear that the future financial position is very serious.

5. **Construction of the Budget and Council Tax**

- 5.1 By law, the Council's role in budget setting is to determine:
- (a) The level of council tax;
 - (b) The limits on the amount the City Mayor is entitled to spend on any service ("budget ceilings") - proposed budget ceilings are shown at Appendix One;
- 5.2 In line with Finance Procedure Rules, Council must also approve the scheme of virement that controls subsequent changes to these ceilings. The proposed scheme is shown at Appendix Two.
- 5.3 The draft budget is based on a proposed Band D tax for 2024/25 of £1,924.63, an increase of just under 5% compared to 2023/24. This is believed to be the maximum which will be permitted without a referendum.
- 5.4 The tax levied by the City Council constitutes only part of the tax Leicester citizens have to pay (albeit the major part – 84% in 2023/24). Separate taxes are raised by the Police and Crime Commissioner and the Combined Fire Authority. These are added to the Council's tax, to constitute the total tax charged.
- 5.5 The actual amounts people will be paying, however, depend upon the valuation band their property is in and their entitlement to any discounts, exemptions or benefit. Almost 80% of properties in the city are in band A or band B, so the tax will be lower than the Band D figure quoted above. The Council also has schemes for mitigating hardship.
- 5.6 The Police and Crime Commissioner and Combined Fire Authority will set their precepts in February 2024. The formal resolution will set out the precepts issued for 2024/25, together with the total tax payable in the city.

6. **Departmental Budget Ceilings**

- 6.1 Budget ceilings have been prepared for each service, calculated as follows:
- (a) The starting point is last year's budget, subject to any changes made since then which are permitted by the constitution (e.g. virement);
 - (b) An allowance is made for non-pay inflation on a restricted number of budgets. Our general rule is that no allowance is made, and departments are expected to manage with the same cash sum that they had in the previous year. Exceptions are made for the budgets for independent sector adult social care (2%) and foster care (2%) but as these areas of service are receiving growth funding, an inflation allowance is merely academic (we pay from one pot rather than another). Budgets for the waste PFI contract have been increased by RPI, in line with contract terms. A sum of £5m has been allocated to reset budgets based on current energy prices.
 - (c) Unavoidable growth has been built into the budget, as described in the sections below;

- (d) As discussed in the summary, action is being taken to reduce budgeted spend, and where decisions have already been taken budget ceilings have been reduced (this process will continue up to approval of the final budget).
- 6.2 The proposed budget ceilings are set out in Appendix One.
- 6.3 The local government pay award for 2023/24 was agreed in November 2023. Modelling of the cost suggests it will be an average 6.2% across the Council's (non-schools) employees. For this draft budget, the amount is held in a central provision, but will be added to service budget lines for the final budget. A further central provision is held to fund the 2024/25 pay award, forecast at 5%. Additionally, reflecting the extreme volatility of some budgets, a further £8m has been set aside in a central provision which will only be released if needed.
- 6.4 The role of the Council is to determine the financial envelopes within which the City Mayor has authority to act. Notwithstanding the way the budget has been constructed, the law does not enable the Council to determine how the City Mayor provides services within these envelopes: this is within his discretion.

Adult Social Care

- 6.5 Adult social care services nationally have been facing severe cost pressures for some years, and these are expected to continue.
- 6.6 The demand for service looks to continue accelerating in future years, as a consequence of increases in the level of need of the average care recipient and pressure on providers due to National Living Wage increases, as well as ongoing rising numbers of adults requiring care. For 2024/25 the budget has been increased by £13.7m as a result of these impacts.
- 6.7 The government has generally responded to growth pressures on an ad-hoc basis, making one-off resources available year by year. Indicative (national) funding totals for 2023/24 and 2024/25 were announced in autumn 2022, and our estimate of our share is included in this draft budget. We have no indication of any further increases in funding.
- 6.8 The Autumn Statement is on 22nd November 2023, and this report will be further updated with any announced additional funding for pressures in adult social care.
- 6.9 The proposed budget includes growth of £13.7m in 2024/25 (net of standard inflation of 2%) for the increased costs of packages of support, estimated to rise to £30.5m by 2025/26. The 2024/25 growth takes account of the continuation of the government's discharge and workforce improvement grants totalling £4.6m. However, it is not expected that these grants will increase in 2025/26 hence the larger cost increase in 2025/26.
- 6.10 In year increases in package costs for people with existing packages of care has been a substantial ongoing budget pressure. Significant work is now being undertaken to reduce future pressures in this area. This work includes reviewing existing working practices and identifying best practice and embedding that across all social work teams together with increasing alternative non-adult social care provision to support increased needs. This includes change and

improvement to support designed to reduce people's need for formal care, social work assessment, and commissioning practice. The budget assumes that this work will have a positive impact, but this will be challenging and clearly there remains a risk of exceeding the budget.

Education and Children's Services

- 6.11 In common with authorities across the country, increased demand for children's social care services has created substantial budget pressure for many years.
- 6.12 A forecast of placement costs in 2024/25 and 2025/26 has been made, and £17.2m added to the budget for 2024/25. The forecast builds on a budget that is already under pressure (it is expected to overspend in 2023/24). It assumes that non-UASC (unaccompanied asylum seeking children) entrants into the care system continue at the same level as in 2023/24, and that there is further growth in UASC children becoming looked after until the government target of 0.1% of the city 0-17 population is reached. 2023/24 has been notable for the unusually high average placement costs of new entrants. This is as a result of some particular placements requiring high levels of support, together with price pressure from providers.
- 6.13 Work is continuing to take place to reduce placement costs:
- (a) Regular review of long-term, emergency and high cost placements;
 - (b) Substantial work began in August 2023 with the consultancy firm Impower who were commissioned to undertake an analysis of placements and the match between costs and assessed needs. This helpful analysis of a large cohort of children in higher cost placements (182, 20% of the overall population), has already identified several cohorts of placements that will be the subject of targeted activity to address mismatches in cost versus level of need to generate significant savings. This work will take place in 2023/24 and 2024/25.
 - (c) An extensive review of our internal resources (fostering and children's homes) to ensure that the capacity and resilience of these are maximised.
 - (d) Business cases will be put forward for capital investment to expand our internal children's home resources over the next 5 years.
 - (e) The need to increase the number of foster carers is clear and work is ongoing to make the council website more accessible to attract more enquiries. The training and support levels will also be reviewed to avoid placement breakdown.
 - (f) A review of council resources deployed to prevent entry into care will also be completed with a view to refocusing/retargeting resources to have

greater impact for those children and young people at greater risk of becoming looked after.

- (g) A strengthening of the role of commissioning in sourcing placements will also take place and a tighter focus on contract management and capping cost inflation will be deployed to limit the impact of demands by providers for uplifts.
- (h) Work with the ICB to agree joint funding solutions for complex, high-need children;

6.14 The budget assumes a lower average placement cost for new entrants in 2024/25. In part this is because of the work outlined above; but also there is a variation in the percentages of different placement types (and therefore average cost) from year to year and therefore it is more appropriate to look at average placement percentages over a longer period to determine future entrance costs to smooth out this variation. There is of course a risk with this approach if a particular variation is a new ongoing trend, but placement cost will continue to be monitored through routine budgetary control reports.

6.15 A further £2.5m has been added to the department's budget. £0.5m of this relates to increasing pressure on legal and translation budgets for children's social care. Legal has had significant difficulties in recruiting permanent staff and has had to rely on locums to meet demand which is more costly.

6.16 £1.4m of the £2.5m is to address the continued pressure on home to school transport budgets mainly for SEND children but also for children looked after. These pressures have been highlighted in the 2023/24 revenue monitoring report which are a result of increasing numbers of pupils with education, health and care plans (EHCPs) requiring transport support and continued price pressure from taxi firms.

6.17 The remaining £0.6m of the £2.5m addresses equally a rising demand for respite payments for disabled children together with a substantial loss of previously traded casework with schools by the Education Welfare service. The DfE have made this work a statutory duty for local authorities and have decided, inexplicably, that the change does not meet the threshold for new burdens funding.

6.18 In addition to the General Fund budget, Dedicated Schools Grant (High Needs Block, HNB) budgets for children and young people with special educational needs and disabilities continue to be under severe pressure. In common with most authorities, the Council has a deficit on its DSG reserve estimated to stand at £11.7m by the end of 23/24 resulting from unavoidable overspends. This is a national issue and in fact, most authorities are in a significantly worse position than Leicester.

6.19 In 2020, the government introduced a statutory override for a period of 3 years to the end of March 2023 which meant that local authorities' DSG deficits could not

be funded from their general reserves. The intention was to prevent council tax services being cut to fund these DSG deficits. Of course, whilst this means that the LA does not have to 'fund' these deficits on a permanent basis currently, it does have to find the cash to pay for the deficits, meaning the LA's cash position is lower than it would otherwise be. Following a 'gathering of evidence' from LAs in the summer of 2022, government confirmed in the local government finance policy statement published in December 2022, that the statutory override would be extended for a further 3 years to end in March 2026. This budget has been prepared on the basis of that extension.

- 6.20 In keeping with other local authorities we have prepared a draft deficit recovery plan, which all authorities with deficits are required to do. We are currently still in discussion with the DfE regarding the details of the plan, however the DfE have confirmed that it is not currently their intention to put Leicester into one of their two intervention programmes – the 'delivering better value' programme or the 'safety valve' programme. Leicester is however part of the 'SEND and alternative provision change programme partnership' with LLR and the DfE which begins late 2023. This DfE funded programme is intended to allow local authorities to 'road test' the ideas and approaches outlined in the DfE's SEND improvement plan to bring high needs costs under control alongside wider SEND system reform.
- 6.21 The main issue for Leicester is the step change in demand for EHCPs post pandemic. Numbers of plans agreed have doubled since the years immediately prior to the pandemic. We need a system wide change to address this which, whilst still recognising the child's needs, means that those needs can be addressed to a much greater extent within existing resources within mainstream settings. This will require a culture change and the adoption of the best practice for inclusivity across all schools.

City Development and Neighbourhoods

- 6.22 Homelessness is currently a significant pressure in 2023/24, as a consequence of insufficient homes being available for rent at or below the level of the local housing allowance, meaning more families cannot afford a roof over their heads. This will be compounded by the Government's plans to fast-track the cases of asylum seekers currently being housed in hotels in the city.
- 6.23 Growth of £5m has been added to the budget to meet costs of accommodation for increasing numbers of families presenting as homeless. This remains a high risk area – if demand continues to increase at current rates, further growth will be required. There is a plan to address the needs of homeless families through the Housing Revenue Account, which will provide partial relief.
- 6.24 Other areas of the department's budget are relatively predictable (compared with social care and homelessness services), and the department is expected to be able to live within its resources.

Health and Wellbeing

- 6.25 The division, together with a number of services provided by other departments, is paid for from the public health grant. This grant is ring-fenced for defined public health purposes wherever they are provided in the Council. General Fund monies have also been spent on public health services, both before and after 2013/14 when the function transferred from the NHS.
- 6.26 The future of public health grant is unclear. It is not known whether it will remain as a separate grant when local government funding reforms are eventually introduced: previous proposals have suggested it will be included in general funding arrangements.
- 6.27 The department is able to live within its resources in 2024/25, and no budget growth is proposed.

Corporate Resources Department

- 6.28 The department primarily provides internal support services together with leading on good corporate governance, but also some public facing services such as benefits, collection of council tax, customer contact and sports services. The department has made considerable savings in recent years in order to contribute to the Council's overall savings targets. It has nonetheless achieved a balanced budget each year.
- 6.29 Whilst the budget is broadly balanced, a number of factors may lead to budget pressures in the department, most notably in respect of the cost of living crisis affecting demand for Revenues & Benefits and Customer Services; and pressures in Legal Services.

7. Corporately held Budgets and Provisions

- 7.1 In addition to the services' budget ceilings, some budgets are held corporately. These are described below.
- 7.2 The budget for **capital financing** represents the cost of interest and debt repayment on past years' capital spending, less interest received on balances held by the council. The net cost has reduced recently due to increasing interest rates leading to better returns on balances (while the majority of our borrowing is on fixed rates and is not affected by interest rate variations in the short term). As we spend our reserves, however, interest on balances will fall. As shown in the Treasury Management Strategy (elsewhere on your agenda) it is likely we will need to borrow in 2024/25, and these costs are reflected in the budget.
- 7.3 **Miscellaneous central budgets** include external audit fees, pension costs of some former staff, levy payments to the Environment Agency, bank charges, general insurance costs, money set aside to assist council tax payers suffering hardship and other sums it is not appropriate to include in service budgets. These budgets are partially offset by the effect of recharges from the general fund into other statutory accounts of the Council.

8. Resources

- 8.1 At the time of writing, the local government finance settlement for 2024/25 has not been published. Current estimates of government funding we will receive are therefore based on information included in the government's fiscal statements, and are liable to change.
- 8.2 The majority of the council's core funding comes from business rates; government grant funding; and council tax. Service-specific sources of funding, such as fees & charges and specific grants, are credited to the relevant budget ceilings, and are part of departmental budgets.

Business rates and core grant funding

- 8.3 Local government retains 50% of business rates collected locally, with the balance being paid to central government. In recognition of the fact that different authorities' ability to raise rates do not correspond to needs, there are additional elements of the business rates retention scheme: a top-up to local business rates, paid to authorities with lower taxbases, and Revenue Support Grant (RSG).
- 8.4 Government decisions in recent years have reduced the amount of rates collected from businesses, by limiting annual increases in the multiplier used to calculate rates and by introducing reliefs for various classes of business. The government's practice is to compensate authorities for lost income due to changes to the scheme. So many changes have been made in recent years that by 2023/24 compensation made up around a third of the "rates" income received by the Council. The complexity of these changes, and the fact that a single ratepayer may be affected by several overlapping changes, makes it difficult to accurately estimate rates income; the estimates in this draft report are the best we can make at present. In practice, we believe that the system of business rates is becoming unsustainable in its current form.
- 8.5 The figures in the draft budget assume no significant growth or decline in "rates" from the current position, apart from inflationary increases. In effect, we are assuming we will get £ for £ compensation for all changes the Government is making which affect payable rates (which is likely). These figures will be revised for the final budget to be approved in February.
- 8.6 The majority of other funding streams in previous budgets, including the New Homes Bonus and Services Grant, have been sharply cut in recent years.

Council tax

- 8.7 Council tax income is estimated at £153.6m in 2024/25, based on an assumed tax increase of just below 5% (the maximum allowed without a referendum). The proposed tax increase includes an additional "social care levy" of 2%, designed to help social care authorities mitigate the growing costs of social care. Since our tax base is relatively low for the size of population, the levy raises just £2.9m per year.

- 8.8 The estimated council tax base has remained largely flat since last year's budget; this appears to be the result of slower housebuilding numbers, and a growing number of exempt properties (mostly student accommodation).
- 8.9 It is proposed that no changes to the council tax support scheme are made in 2024/25, but we intend to consult on a "banded scheme" to be introduced in 2025/26. Such a scheme works by placing claimants' weekly income into a band. Council tax support is awarded by reference to the band, without differentiation. If a claimant's income changes, no recalculation of support is required unless the change is significant enough to place them in a different band. Claimants benefit from such a scheme as they know in advance what support they will get from month to month, and our own administration process would be simpler. The scheme can be devised so that certain types of income are disregarded to protect the most vulnerable customers (e.g. disability living allowance or personal independence payments). Significantly, the approach provides more flexibility when seeking to achieve savings. It allows for local priorities to be considered, and the effects forecast: following analysis an informed decision can be reached. The current model does not facilitate this.

Other grants

- 8.10 The majority of grant funding is treated as income to the relevant service departments and is not shown separately in the table at paragraph 4.1. The most substantial grant held corporately is the **Social Care Grant**, which has been provided each year since 2016/17 to reflect national cost and demographic pressures. It has been increased several times since then, and is now a significant amount. In 2023/24, our share of this funding was over £28m, and a further increase is planned for 2024/25. We do not yet know how this will be allocated to authorities; the budget assumes a share similar to previous social care funding allocations.

Collection Fund surplus / deficit

- 8.11 Collection fund surpluses arise when more tax is collected than assumed in previous budgets. Deficits arise when the converse is true.
- 8.12 The Council has an estimated **council tax collection fund deficit** of £1.0m, after allowing for shares to be paid by the police and fire authorities. This largely relates to numbers of exempt properties being higher than expected when the budget was set.
- 8.13 The Council has an estimated **business rates collection fund surplus** of £1.6m. Because of changes to reliefs in recent years that were funded by government grants, the actual collection fund position is distorted and various technical accounting adjustments (that will balance out over the years) are required.

9. **Managed Reserves Strategy**

- 9.1 Since 2013, the Council has employed a managed reserves strategy, contributing money to reserves when savings are realised and drawing down reserves when needed. This policy has bought time to more fully consider how to make the recurrent cuts which have been necessary in nearly every budget year.
- 9.2 As at April 2023, resources available for the strategy totalled £65.8m. A significant proportion of this will be required to balance the budget in the current financial year. A review of one-off resources available has identified £8.5m that can be released from the capital reserve to support the revenue budget.
- 9.3 Unless further savings are found, or the Government provides more money, the draft budget will require £52.0m of support from reserves in 2024/25, which exceeds the amount available, and will require the use of the General Fund emergency balance. This also leaves no resources to offset pressures in 2025/26, and indicates that a section 114 report will become a probability:

	£m
Available to support budget as at 1/4/2023	65.8
Additional funding identified	8.5
Estimated amount Required in 2023/24	(30.7)
Estimated amount required for 2024/25 budget	(52.5)
Shortfall for 2024/25 to be funded from Emergency Balance	(8.9)

- 9.4 The Council has long held a £15m minimum working balance of reserves (the emergency pot). As can be seen, we look set to draw from this reserve in 2024/25.

10. **Earmarked Reserves**

- 10.1 In addition to our general reserves, the Council also holds earmarked reserves which are set aside for specific purposes. These include ringfenced funds which are held by the Council but for which we have obligations to other partners or organisations; departmental reserves, which are held for specific services; and corporate reserves, which are held for purposes applicable to the organisation as a whole.
- 10.2 A review of earmarked reserves is being finalised to identify any that can be released to minimise the call on the General Fund Emergency Balance for 2024/25. The final report will include a summary of earmarked reserves currently held, as well as their planned usage.
- 10.3 The planned use of earmarked reserves will be monitored through the regular revenue budget monitoring process, and reported to members throughout each financial year.

11. **Budget and Equalities**

- 11.1 The Council is committed to promoting equality of opportunity for its residents; both through its policies aimed at reducing inequality of outcomes, and through its practices aimed at ensuring fair treatment for all and the provision of appropriate and culturally sensitive services that meet local people's needs.
- 11.2 In accordance with section 149 of the Equality Act 2010, the Council must "have due regard", when making decisions, to the need to meet the following aims of our Public Sector Equality Duty :-
- (a) eliminate unlawful discrimination;
 - (b) advance equality of opportunity between those who share a protected characteristic and those who do not;
 - (c) foster good relations between those who share a protected characteristic and those who do not.
- 11.3 Protected groups under the public sector equality duty are characterised by age, disability, gender reassignment, pregnancy/maternity, race, religion or belief, sex and sexual orientation.
- 11.4 When making decisions, the Council (or decision maker, such as the City Mayor) must be clear about any equalities implications of the course of action proposed. In doing so, it must consider the likely impact on those likely to be affected by the recommendation; their protected characteristics; and (where negative impacts are anticipated) mitigating actions that can be taken to reduce or remove that negative impact.
- 11.5 The budget does not propose any service changes which will have an impact on residents. Where appropriate, an individual Equalities Impact Assessment for any service changes will be undertaken when these decisions are developed.
- 11.6 The budget does recommend a proposed council tax increase for the city's residents. The City Council's proposed tax for 2024/25 is £1,924.63, an increase of just below 5% compared to 2023/24. As the recommended increase could have an impact on those required to pay it, an assessment has been carried out to inform decision makers of the potential equalities implications. This includes the potential impacts of alternative options.
- 11.7 A number of risks to the budget are addressed within this report (section 12 below). If these risks are not mitigated effectively, there could be a disproportionate impact on people with particular protected characteristics and therefore ongoing consideration of the risks and any potential disproportionate equalities impacts, as well as mitigations to address disproportionate impacts for those with particular protected characteristics, is required.

12. **Risk Assessment and Estimates**

- 12.1 Best practice requires me to identify any risks associated with the budget, and Section 25 of the Local Government Act 2003 requires me to report on the adequacy of reserves and the robustness of estimates.
- 12.2 This requires a judgement to be made, which is now hard given the volatility of some elements of the budget and the depletion of our reserves. In practice, the budget is replete with risk.
- 12.3 The most significant issue in developing the 2024/25 budget has been ongoing cost pressures in demand-led service areas, particularly social care and support for homeless households. These have risen very steeply during 2023/24 and there is no guarantee this will not happen again.
- 12.4 Setting the final budget will also depend on the funding settlement from central government, expected in December, current indications are that there is no additional grant funding for local authorities.
- 12.5 The budget seeks to manage these risks as follows:
- (a) £6m of emergency balances remain;
 - (b) A provision for demographic pressures of £8m per year has been included in the budget;
 - (c) In theory, the Council can also draw on the capital finance reserve. This is essentially a capital resource that has been “switched” with revenue (behind the scenes) over many years, in part to provide flexibility for times such as these. Using it would, however, force us to cut the approved capital programme or borrow, leading to future revenue cost, so it must be seen very much as a last resort.
- 12.6 Subject to the above comments, I believe our reserves can just about be considered adequate and that the estimates made in preparing the budget are sufficiently robust to allow the budget to be approved. If demand pressures again rise in the way that they have in 2023/24, I will need to consider whether section 114 of the Local Government Finance Act, 1988, requires me to write a formal report on the basis that our spending is likely to exceed our resources. In practice, this is more likely to be a consideration in respect of the 2025/26 budget.
- 12.7 Looking further ahead, we need to identify and approve options for further savings (and to reduce growth) so that we can ensure we are financially sustainable beyond 2024/25. Work to identify options is taking place, but we will need to delve more deeply than we have ever had to before.

13. **Financial, Legal and Other Implications**

13.1 **Financial Implications**

This report is exclusively concerned with financial issues.

13.2 **Legal Implications *[to follow]***

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Budget Ceilings (provisional)

	2023/24 latest budget £000's	Savings £000's	Growth Planned in Budgets £000's	Non-Pay Inflation £000's	24/25 budget ceiling £000's
<u>1. City Development & Neighbourhoods</u>					
<u>1.1 Neighbourhood & Environmental Services</u>					
Divisional Management	243.0				243.0
Regulatory Services	2,008.8	(318.0)			1,690.8
Waste Management	22,915.3	(135.0)		262.8	23,043.1
Parks & Open Spaces	4,734.1	(573.4)			4,160.7
Neighbourhood Services	5,827.5	(153.0)			5,674.5
Standards & Development	1,694.2	(185.8)			1,508.4
Divisional sub-total	37,422.9	(1,365.2)	0.0	262.8	36,320.5
<u>1.2 Tourism, Culture & Inward Investment</u>					
Arts & Museums	3,726.6	(71.0)			3,655.6
De Montfort Hall	461.4	(25.0)			436.4
City Centre	26.0				26.0
Place Marketing Organisation	39.4				39.4
Economic Development	64.8				64.8
Markets	(286.5)	(30.0)			(316.5)
Adult Skills	(861.2)				(861.2)
Divisional Management	186.6	(32.0)			154.6
Divisional sub-total	3,357.1	(158.0)	0.0	0.0	3,199.1
<u>1.3 Planning, Transportation & Economic Development</u>					
Transport Strategy	9,802.6	(605.0)			9,197.6
Highways	2,887.5	(83.0)			2,804.5
Planning	1,123.0	(40.0)			1,083.0
Divisional Management - PDT	141.5				141.5
Divisional sub-total	13,954.6	(728.0)	0.0	0.0	13,226.6
<u>1.4 Estates & Building Services</u>					
	4,860.5	(1,004.7)	0.0	0.0	3,855.8
<u>1.5 Housing Services</u>					
	4,449.0	(542.0)	5,000.0	0.0	8,907.0
<u>1.6 Departmental Overheads</u>					
	575.4	0.0	0.0	0.0	575.4
DEPARTMENTAL TOTAL	64,619.5	(3,797.9)	5,000.0	262.8	66,084.4

Budget Ceilings (provisional)

	2023/24 latest budget £000's	Savings £000's	Growth Planned in Budgets £000's	Non-Pay Inflation £000's	24/25 budget ceiling £000's
2. Adults					
2.1 Adult Social Care & Safeguarding					
Other Management & support	764.8				764.8
Safeguarding	242.1				242.1
Preventative Services	5,141.7				5,141.7
Independent Sector Care Package Costs	153,472.2		13,664.0	2,723.1	169,859.3
Care Management (Localities)	10,528.8				10,528.8
Divisional sub-total	170,149.6	0.0	13,664.0	2,723.1	186,536.7
2.2 Adult Social Care & Commissioning					
Enablement & Day Care	3,076.0	(813.0)			2,263.0
Care Management (LD & AMH)	5,324.8				5,324.8
Preventative Services	719.5				719.5
Contracts, Commissioning & Other Support	6,580.5				6,580.5
Departmental	(34,309.4)				(34,309.4)
Divisional sub-total	(18,608.6)	(813.0)	0.0	0.0	(19,421.6)
DEPARTMENT TOTAL	151,541.0	(813.0)	13,664.0	2,723.1	167,115.1
3. Education & Children's Services					
3.1 Strategic Commissioning & Business Support					
	2,239.3	0.0	0.0	0.0	2,239.3
3.2 Learning Quality & Performance					
Raising Achievement	393.8				393.8
Learning & Inclusion	1,363.6				1,363.6
Special Education Needs and Disabilities	17,828.4		1,400.0		19,228.4
Divisional sub-total	19,585.8	0.0	1,400.0	0.0	20,985.8
3.3 Children, Young People and Families					
Children In Need	15,358.7		600.0		15,958.7
Looked After Children	44,287.1	(155.0)	17,200.0	214.1	61,546.2
Safeguarding & QA	2,595.3	(18.0)	500.0		3,077.3
Community Safety	809.5	(160.0)			649.5
Early Help Targeted Services	4,897.0	(2,000.0)			2,897.0
Early Help Specialist Services	3,667.7				3,667.7
Divisional sub-total	71,615.3	(2,333.0)	18,300.0	214.1	87,796.4
3.4 Departmental Resources	1,537.3	0.0	0.0	0.0	1,537.3
DEPARTMENTAL TOTAL	94,977.7	(2,333.0)	19,700.0	214.1	112,558.8

Budget Ceilings (provisional)

	2023/24 latest budget £000's	Savings £000's	Growth Planned in Budgets £000's	Non-Pay Inflation £000's	24/25 budget ceiling £000's
4. Health and Wellbeing					
Adults' Services	9,001.6				9,001.6
Children's 0-19 Services	9,289.5				9,289.5
Lifestyle Services	1,257.3				1,257.3
Staffing & Infrastructure & Other	2,595.4				2,595.4
Sports Services	2,552.5	(390.0)			2,162.5
DEPARTMENT TOTAL	24,696.3	(390.0)	0.0	0.0	24,306.3
5. Corporate Resources Department					
5.1 Delivery, Communications & Political Governanc					
	5,408.4	(116.0)	0.0	0.0	5,292.4
5.2 Financial Services					
Financial Support	4,865.5	(205.0)			4,660.5
Revenues & Benefits	7,590.5	(1,100.0)			6,490.5
Divisional sub-total	12,456.0	(1,305.0)	0.0	0.0	11,151.0
5.3 Human Resources					
	3,880.1	0.0	0.0	0.0	3,880.1
5.4 Information Services					
	10,734.2	0.0	0.0	0.0	10,734.2
5.5 Legal Services					
Legal Services	3,751.2	(200.0)	400.0	0.0	3,951.2
DEPARTMENTAL TOTAL	36,229.9	(1,621.0)	400.0	0.0	35,008.9
TOTAL -Service Budget Ceilings	372,064.4	(8,954.9)	38,764.0	3,200.0	405,073.5
Note					
less Public Health grant					(29,564.8)
Service expenditure as at paragraph 4.1					375,508.7

Scheme of Virement

1. This appendix explains the scheme of virement which will apply to the budget, if it is approved by the Council.

Budget Ceilings

2. Directors are authorised to vire sums within budget ceilings without limit, providing such virement does not give rise to a change of Council policy.
3. Directors are authorised to vire money between any two budget ceilings within their departmental budgets, provided such virement does not give rise to a change of Council policy. The maximum amount by which any budget ceiling can be increased or reduced during the course of a year is £500,000. This money can be vired on a one-off or permanent basis.
4. Directors are responsible, in consultation with the appropriate Assistant Mayor if necessary, for determining whether a proposed virement would give rise to a change of Council policy.
5. Movement of money between budget ceilings is not virement to the extent that it reflects changes in management responsibility for the delivery of services.
6. The City Mayor is authorised to increase or reduce any budget ceiling. The maximum amount by which any budget ceiling can be increased during the course of a year is £5m. Increases or reductions can be carried out on a one-off or permanent basis.
7. The Director of Finance may vire money between budget ceilings where such movements represent changes in accounting policy, or other changes which do not affect the amounts available for service provision.
8. Nothing above requires the City Mayor or any director to spend up to the budget ceiling for any service.

Corporate Budgets

9. The following authorities are granted in respect of corporate budgets:
 - (a) the Director of Finance may incur costs for which there is provision in miscellaneous corporate budgets, except that any policy decision requires the approval of the City Mayor;
 - (b) the Director of Finance may allocate the provision for pay awards;
 - (c) The City Mayor may determine how the demographic pressures contingency can be applied.

Earmarked Reserves

10. Earmarked reserves may be created or dissolved by the City Mayor. In creating a reserve, the purpose of the reserve must be clear.

11. Directors may add sums to an earmarked reserve, from:
 - (a) a budget ceiling, if the purposes of the reserve are within the scope of the service budget;
 - (b) year-end budget underspends, subject to the approval of the City Mayor.
12. Directors may spend earmarked reserves on the purpose for which they have been created, but must obtain the agreement of the Director of Finance before the spend is committed.
13. When an earmarked reserve is dissolved, the City Mayor shall determine the use of any remaining balance.

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Equality Impact Assessment

1. Purpose

- 1.1 This appendix presents the equalities impact of a proposed 4.99% council tax increase. This includes a precept of 2% for Adult Social Care, as permitted by the Government without requiring a referendum.
- 1.2 The alternative option for comparison is a freeze on council tax at 2023/24 levels. It would of course be possible to set a council tax increase between these two levels, or indeed to *reduce* the Band D tax.

2. Who is affected by the proposal?

- 2.1 As at October 2023, there were 132,019 properties liable for Council Tax in the city (excluding those registered as exempt, such as student households).
- 2.2 All non-exempt working age households in Leicester are required to contribute towards their council tax bill. Our current council tax support scheme (CTSS) requires working age households to pay at least 20% of their council tax bill and sets out to ensure that the most vulnerable householders are given some relief in response to financial hardship they may experience.
- 2.3 Council tax support for pensioner households follows different rules. Low-income pensioners are eligible for up to 100% relief through the CTSS scheme.

3. How are they affected?

- 3.1 The table below sets out the financial impact of the proposed council tax increase on different properties, before any discounts or reliefs are applied. It shows the weekly increase in each band, and the minimum weekly increase for those in receipt of a reduction under the CTSS for working-age households.

Band	No. of Properties	Weekly increase (£)	Minimum Weekly Increase under CTSS (£)
A-	339	0.98	0.20
A	77,914	1.17	0.23
B	26,471	1.37	0.27
C	15,237	1.56	0.47
D	6,504	1.76	0.66
E	3,385	2.15	1.05
F	1,525	2.54	1.44
G	606	2.93	1.84
H	38	3.51	2.42
Total	132,019		

- 3.2 In most cases, the change in council tax (around £1.37 per week for a band B property with no discounts; and just 27p per week if eligible for the full 80% reduction under the CTSS) is a small proportion of disposable income, and a small contributor to any squeeze on household budgets. A council tax increase would be applicable to all properties - the increase would not target any one protected group, rather it would be an increase that is applied across the board. However, it is recognised that this may have a more significant impact among households with a low disposable income.
- 3.3 Households at all levels of income have seen their real-terms income decline due to cost of living increases, and wages that have failed to keep up with inflation. These pressures are not limited to any protected group; however, there is evidence that low-income families spend a greater proportion of their income on food and fuel (where price rises have been highest), and are therefore more affected by current price increases.
- 3.4 At the time of writing, it is not clear what level of inflation uplift will be applied to benefits . [NB council and housing association tenants are not affected by this as their rent support is calculated differently and their full rent can be compensated from benefits].
4. **Alternative options**
- 4.1 The realistic alternative to a 5% council tax increase would be a lower (or no) increase. It should be noted that the proposed increase is below inflation, and therefore represents a real-terms cut in council tax payable and therefore our income. A reduced tax increase would represent a permanent diminution of our income unless we hold a council tax referendum in a future year. In my view, such a referendum is unlikely to support a higher tax rise. It would also require a greater use of reserves and/or more cuts to services in 2024/25.
- 4.2 The budget situation is already extremely difficult, and it seems inevitable that further cuts will have severe effects on front-line services. It is not possible to say precisely where these future cuts would fall; however, certain protected groups (e.g. older people; families with children; and people with disabilities) could face disproportionate impacts from reductions to services.
5. **Mitigating actions**
- 5.1 The Council has a range of mitigating actions for residents. These include: funding through Discretionary Housing Payments, Council Tax Discretionary Relief and Community Support Grant awards; the council's work with voluntary and community sector organisations to provide food to local people where it is required – through the network of food banks in the city; through schemes which support people getting into work (and include cost reducing initiatives that address high transport costs such as providing recycled bicycles); and through support to social welfare advice services. The “BetterOff Leicester” online tool includes a calculator to help residents to ensure they are receiving all relevant benefits.
- 5.2 Mitigating actions will be kept under review and updated for the final report to Council in February.

6. **What protected characteristics are affected?**

- 6.1 The table below describes how each protected characteristic is likely to be affected by the proposed council tax increase. The table sets out anticipated impacts, along with mitigating actions available to reduce negative impacts.
- 6.2 Some protected characteristics are not, as far as we can tell, disproportionately affected (as will be seen from the table) because there is no evidence to suggest they are affected differently from the population at large. They may, of course, be disadvantaged if they also have other protected characteristics that are likely to be affected, as indicated in the following analysis of impact based on protected characteristic.

7. **Armed Forces Covenant Duty**

- 7.1 The Covenant Duty is a legal obligation on certain public bodies to 'have due regard' to the principles of the Covenant and requires decisions about the development and delivery of certain services to be made with conscious consideration of the needs of the Armed Forces community.
- 7.2 We have considered the duty and have not identified any direct impacts on armed forces or their families; but will continue to monitor for specific proposals.

Medium Term Financial Outlook 2024/25 – 2026/27

[to follow for final report]

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Earmarked Reserves

[to follow for final report]

DRAFT

Council Tax Premiums

[to follow for final report]

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DRAFT Capital Programme 2024/25

Decision to be taken by: Council

Date of meeting: 21 February 2024

Lead director: Amy Oliver, Director of Finance

Useful information

- Ward(s) affected: All
- Report author: Kirsty Cowell
- Author contact details: Kirsty.Cowell@leicester.gov.uk
- Report version number: 1.0

1. Summary

- 1.1 The purpose of this report is to ask the Council to approve a capital programme for 2024/25.
- 1.2 Capital expenditure is incurred on works of lasting benefit and is principally paid for by grant, tenants' rents, and the proceeds of asset sales (capital receipts). Money can also be borrowed for capital purposes, but the scope for this is limited as borrowing affects the revenue budget.
- 1.3 For the past four years the Council has set a one year capital programme, due to uncertainty over future resources. This uncertainty is greater than it has ever been. This is on account of the following, with the revenue budget being by far the most significant:
 - The revenue budget outlook, which requires significant savings
 - Volatility and inflationary pressures in the construction industry
 - The Council's technical capacity to support a large programme

We are therefore presenting another one year programme, of limited scale. This will enable capacity to be focussed on key schemes and allow time to see the long-term impact of inflation. It has also been designed to avoid putting additional pressure on revenue.

Schemes already approved and in the current programme will continue.

- 1.4 The report seeks approval to the "General Fund" element of the capital programme, at a cost of £33.1m. In addition to this, the HRA capital programme (which is elsewhere on your agenda) includes works estimated at £25.9m, £15m of which relates to the affordable homes programme.

1.5 The table below summarises the proposed spending for capital schemes starting in 2024/25, as described in this report:-

	<u>£m</u>
<u>Proposed Programme</u>	
<u>Schemes – Summarised by Theme</u>	
Grant Funded Schemes	14.8
Own buildings	5.3
Routine Works	5.9
Match Funding	3.0
Feasibility and Contingencies	4.1
Total New Schemes	<u>33.1</u>
 <u>Funding</u>	
Unringfenced Resources	31.0
Monies ringfenced to Schemes	2.1
Total Resources	<u>33.1</u>

1.6 The table below presents the total spend on General Fund and Housing Revenue Account schemes:

	<u>£m</u>
General Fund	33.1
Housing Revenue Account	25.9
Total	<u>59.0</u>

1.7 The Council’s total capital expenditure now forecast for 2024/25 and beyond is expected to be around £256m, including the HRA and schemes approved prior to 2024/25.

1.8 The capital programme is split into two parts:-

- (a) Schemes which are “**immediate starts**”, being schemes which directors have authority to commence once the council has approved the programme. These are fully described in this report;
- (b) Schemes which are “**policy provisions**”, where the purpose of the funding is described but money will not be released until specific spending proposals have been approved by the Executive.

1.9 Immediate starts have been split into three categories:-

- (a) **Projects** – these are discrete, individual schemes such as a road scheme or a new building. These schemes will be monitored with reference to physical delivery rather than an annual profile of spending. (We will, of course, still want to make sure that the overall budget is not going to be exceeded);
- (b) **Work Programmes** – these consist of minor works or similar schemes where there is an allocation of money to be spent in a particular year;
- (c) **Provisions** – these are sums of money set aside in case they are needed, but where low spend is a favourable outcome rather than indicative of a problem.

2. Recommendations

2.1 The Council is asked to:-

- (a) Approve the capital programme described in this report and summarised at Appendices Two to Five, subject to any amendments proposed by the City Mayor;
- (b) For those schemes designated immediate starts, delegate authority to the lead director to commit expenditure, subject to the normal requirements of contract procedure rules, rules concerning land acquisition and finance procedure rules;
- (c) Delegate authority to the City Mayor to determine a plan of spending for each policy provision, and to commit expenditure up to the maximum available;
- (d) For the purposes of finance procedure rules:
 - Determine that service resources shall consist of service revenue contributions; HRA revenue contributions; and government grants/third party contributions ringfenced for specific purposes (but see below for LLEP investment programmes);
 - Designate the operational estate & children's capital maintenance programme, highways maintenance programme and transport improvement programme as programme areas, within which the director can reallocate resources to meet operational requirements.

- (e) As in previous years, delegate to the City Mayor:
- Authority to increase any scheme in the programme, or add a new scheme to the programme, subject to a maximum of £10m corporate resources in each instance;
 - Authority to reduce or delete any capital scheme, subject to a maximum reduction of 20% of scheme value for “immediate starts”; and
 - Authority to transfer any “policy provision” to the “immediate starts” category.
- (f) In respect of Government investment programmes for which the Council receives grant as the accountable body to the Leicester and Leicestershire Enterprise Partnership (LLEP) (or which the Council receives in its own right as part of the Government’s policy to cease funding via LLEPs) :-
- Delegate to the City Mayor approval to accept Government offers of funding, and to add this to the capital programme;
 - Delegate to the Strategic Director, City Development and Neighbourhoods, in consultation with the Director of Finance, authority to allocate the funding to individual schemes (in effect, implementing decisions of the LLEP whilst the LLEP continues to make them);
 - Agree that City Council schemes funded by the programme can only commence after the City Mayor has given approval;
 - Delegate to the Director of Finance authority to reallocate programme funding between schemes, if permissible, to ensure the programme as a whole can be delivered; and
 - Note that City Council contributions to schemes will follow the normal rules described above (i.e. nothing in this paragraph permits the City Mayor to supplement the programme with City Council resources outside of normal rules).
- (g) Delegate to directors, in consultation with the relevant deputy/assistant mayor, authority to incur expenditure up to a maximum of £250k per scheme in respect of policy provisions on design and other professional fees and preparatory studies, but not any other type of expenditure;
- (h) Approve the capital strategy at Appendix 6.

3. Proposed Programme

Key Policy Issues

- 3.1 The key focus of the 2024/25 capital programme is to deliver strategic objectives as far as possible. It is a limited one year programme, but nonetheless complements the existing programme and aims to support the City Mayor's delivery plan. However, the main constraint is to protect the revenue budget as far as possible.
- 3.2 The programme supports the Council's commitment to tackling the climate emergency, most obviously but not exclusively within the Transport Improvement Works, Operational Estate and Children's capital maintenance programmes.

Resources

- 3.3 Resources available to the programme consist primarily of Government grant and capital receipts (the HRA programme is also supported by tenants' rent monies). Most grant is unringfenced, and the Council can spend it on any purpose it sees fit.
- 3.4 Appendix One presents the resources required to fund the proposed programme, which total some £33.1m. The key unringfenced funding sources are detailed below.
 - (a) £5.4m of general capital receipts. At the time of writing, this includes £2.8m of receipts already received, It has been our previous policy to budget for capital receipts only when they are received, but pressure on resources is currently such that a further £2.5m has been targeted for delivery before the end of 2024/25;
 - (b) £13.0m of unringfenced grant funding. Some of these figures are estimated in the absence of actual allocations from the Government (the figure for 2025/26 represents a first call on that year to enable school schemes to be planned); and
 - (c) £12m of resources brought forward, consisting of money set aside in previous years for, insurance claims no longer required, savings from uncommitted policy provisions, savings from completed programmes and previous years' underspends.
- 3.5 For some schemes the amount of unringfenced resources required is less than the gross cost of the scheme. This is because resources are

ringfenced directly to individual schemes. Ringfenced resources are shown throughout Appendix Two and include the following:

- (a) Government grant and contributions made to support the delivery of specific schemes;
- (b) £150,000 of borrowing. Because borrowing has an impact on the revenue budget, it is only used for reasons detailed in capital strategy at Appendix 6 of this report. The only borrowing in this programme is to support purchase of grounds maintenance equipment, for which there is revenue provision (previously, equipment would have been leased, but borrowing is cheaper).

3.6 Only funding required to finance the schemes in this capital programme is included.

3.7 Finance Procedure Rules enable directors to make limited changes to the programme after it has been approved. For these purposes, the Council has split resources into corporate and service resources. These are similar to, but not quite the same as, ringfenced and unringfenced resources. Whilst all unringfenced resources are corporate, not all ringfenced monies are service resources. Borrowing, for instance, is treated as a corporate resource requiring a higher level of approval.

3.8 Directors have authority to add schemes to the programme, provided they are funded by service resources, up to an amount of £250,000. This provides flexibility for small schemes to be added to the programme without a report to the Executive.

Proposed Programme

3.9 The whole programme is summarised at Appendix 2. Responsibility for the majority of projects rests with the Strategic Director of City Development and Neighbourhoods.

3.10 £14.9m is provided for grant funded schemes. These schemes are funded either from unringfenced grant (where we have discretion) and ringfenced resources.

- (a) £7.1m has been provided to continue with the **Schools Capital Improvements Programme**. The programme will include routine maintenance and spending is prioritised to reflect asset condition and risk. This will be a two year programme to allow for better forward planning. The proposed programme is shown at Appendix 5: detailed schemes will be developed following consultation with schools.
- (b) £3.3m is provided as part of the continued **Highway Capital Maintenance Programme**. This is a rolling annual programme and spending is prioritised to reflect asset condition, risk and local neighbourhood priorities. The proposed programme is shown at Appendix 4.
- (c) £2.6m is provided in 2024/25 to continue the rolling programme of works constituting the **Transport Improvement Programme**.

Some of the priority areas include:

- Delivering cross cutting cycling, walking and public transport benefits
- Local safety schemes
- 20mph schemes in Neighbourhoods
- Delivery of the Local Transport Plan

- (d) £1.9m has been provided for **Disabled Facilities Grants** to private sector householders which is funded by government grant. This is an annual programme which has existed for many years. These grants provide funding to eligible disabled people for adaption work to their homes, and help them maintain their independence.

3.11 £5.3m is provided for the Council's own buildings.

- (a) £2.5m has been provided to support the annual **Operational Estate Capital Maintenance Programme** of works to properties that the Council occupies for its own use. This is a rolling annual programme and spending is prioritised to reflect asset condition and risk. The proposed programme is shown at Appendix 3 but may vary to meet emerging operational requirements.

- (b) £1.5m is provided for the **Corporate Estate** to support the council's property portfolio.
- (c) £1.0m has been provided for council owned **Leisure Centres** for the refurbishment and improvements to changing facilities.
- (d) £0.2m has been provided to support the **Depot Relocation** project which will result in a centralised location for the parks depot.
- (e) £0.1m has been provided for relocation of the **Pest & Dogs Depot** to an existing depot to enable the disposal of its current premises.

3.12 £5.9m is provided for Routine Works.

- (a) £3.8m has been made available for the annual **Fleet Replacement Programme**. Wherever possible, ultra-low emission vehicles (ULEVs) will be sought to support the Council's climate emergency response.
- (b) £0.4m has been provided for **Local Environmental Works** in wards. This scheme will focus on local neighbourhood issues including residential parking, local safety concerns, pedestrian routes, cycleways and community lighting to be delivered after consultation with ward members.
- (c) £0.3m is provided for **Grounds Maintenance Equipment** of which £0.2m is funded by prudential borrowing and £0.1m funded by corporate resources. This scheme is to replace ageing machinery with up to date, energy efficient models. The replacement of this equipment is met from borrowing, and a revenue budget exists for this purpose.
- (d) £0.3m has been provided for the **Growing Spaces** project for the development and improvement of community gardens and allotments across the city.
- (e) £0.3m is provided to continue the **Flood Risk Prevention** scheme into 2024/25. The programme supports the local flood risk management strategy and action plan, and the delivery of our statutory role to manage and reduce flood risk in collaboration with the Environment Agency & Severn Trent Water.
- (f) £0.2m is provided for **Foster Care Capital Contribution Scheme** to support foster carers with alterations to their property to allow fostered children to remain living with their carers or to increase the capacity to look after more children.

- (g) £0.2m has been provided for the **Front Walls Enveloping Scheme** and is a continuation of previous schemes. It involves the enclosure of small spaces in front of housing. Enveloping schemes can make a significant improvement to local neighbourhoods and enable occupiers to tend house fronts more effectively.
- (h) Following the success of the current scheme, £0.2m has been put aside for the extension of the **Heritage Interpretation Panels Programme**. This scheme uses digital technology to interpret heritage stories in new ways, e.g. via mobile devices.
- (i) £0.1m has been provided for a **Historic Building Grant Programme**. This will provide match funding to city residents and organisations to support the repair of historic buildings and the reinstatement of lost original historic features.
- (j) £0.1m is included as part of the continued programme to refresh **Festival Decorations**.

3.13 £7.1m is provided for feasibility and contingencies:

- (a) £3.0m is provided for **Match Funding** for new government programmes.
- (b) A **Programme Contingency** of £3.0m has been set aside for cost pressures arising from construction inflation, or (if not needed for this purpose) for any emerging capital needs.
- (c) £1.1m is provided for **Feasibility Studies**. This will enable studies to be done, typically for potential developments not included elsewhere in the programme or which might attract grant support.

Proposed Programme – Policy Provisions

3.14 Policy provisions are sums of money which are included in the programme for a stated purpose, but for which a further report to the Executive (and decision notice) is required before they can be spent. Schemes are usually treated as policy provisions because the Executive needs to see more detailed spending plans before full approval can be given.

3.15 Executive reports seeking approval to spend policy provisions must state

whether schemes, once approved, will constitute projects, work programmes or provisions; and, in the case of projects, identify project outcomes and physical milestones against which progress can be monitored.

- 3.16 Where a scheme has the status of a policy provision, it is shown as such in the appendix.

Capital Strategy

- 3.17 Local authorities are required to prepare a capital strategy each year, which sets out our approach for capital expenditure and financing at high level.

- 3.18 The proposed capital strategy is set out at Appendix 6.

4. Financial, legal, equalities, climate emergency and other implications

4.1 Financial implications

- 4.1.1 This report is exclusively concerned with financial matters.

- 4.1.2 There is proposed prudential borrowing in the programme for replacement grounds maintenance machinery for £150k. The anticipated revenue costs arising will be £34k per year, for which revenue budget exists. Conversely, the scheme to make improvements to foster carers' homes is expected to secure revenue savings.

4.2 Legal implications

- 4.2.1 As the report is exclusively concerned with financial matters, there are no direct legal implications arising from the report. In accordance with the constitution, the capital programme is a matter that requires approval of full Council. The subsequent letting of contracts, acquisition and/or disposal of land etc all remain matters that are executive functions and therefore there will be the need to ensure such next steps have the correct authority in place prior to proceeding. There will be procurement and legal implications in respect of individual schemes and client officers should take early legal advice.

Kamal Adatia, City Barrister & Head of Standards

4.3 Equalities implications

- 4.3.1 Under the Equality Act 2010, public authorities have statutory duties, including the Public Sector Equality Duty (PSED) which means that, in carrying out their functions they have to pay due regard to the need to

eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

- 4.3.2 Protected characteristics under the Equality Act 2010 are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation.
- 4.3.3 People from across all protected characteristics will benefit from the improved public realm arising from the proposed capital programme. However, as the proposals are developed and implemented, consideration should continue to be given to the equality impacts of the schemes in question, and how they can help the Council to meet the three aims of the PSED.
- 4.3.4 The capital programme includes schemes which improve the city's infrastructure and contribute to overall improvement of quality of life for people across all protected characteristics. By doing so, the capital programme promotes the PSED aim of fostering good relations between different groups of people by ensuring that no area is disadvantaged compared to other areas as many services rely on such infrastructure to continue to operate.
- 4.3.5 Some of the schemes focus on meeting specific areas of need for a protected characteristic: Disabled Facilities Grants (disability), and the Children's Capital Improvement Programme (age).
- 4.3.6 Other schemes target much larger groups of people who have a range of protected characteristics reflective of the diverse population within the city. Some schemes are place specific and address environmental issues that also benefit diverse groups of people. The delivery of the capital programme contributes to the Council fulfilling our PSED. For example, schemes which support people in being able to stay in their homes, to continue to lead independent lives, and to participate in community life help promote equality of opportunity, another one of the aims of the PSED.
- 4.3.7 Where there are any improvement works to buildings or public spaces, considerations around accessibility (across a range of protected characteristics) must influence design and decision making. This will ensure that people are not excluded (directly or indirectly) from accessing a building, public space, or service, based on a protected characteristic. All schemes should consider the PSED and conducting Equality Impact Assessments where relevant to inform the process.

Kalvaran Sandhu, Equalities Manager

4.4 Climate Emergency implications

- 4.4.1 The Council declared a climate emergency in February 2019 and is delivering its Climate Emergency Strategy & Action Plan, which sets an ambition for the council and city to achieve net zero carbon emissions. The council is one of the largest employers and landowners in the city, with a carbon footprint of 16,415 tCO₂e from its own operations in 2022/23. The council therefore has a vital role to play in reducing emissions from its operations, working with its partners and leading by example on tackling the climate emergency in Leicester. The report notes the importance of tackling the climate emergency through the capital programme, with a number of the projects outlined directly playing a positive role in reducing carbon emissions in the city.
- 4.4.2 There is not sufficient information within this report to provide specific details of climate change implications for individual projects, which may have significant implications and opportunities. Detailed implications should therefore be produced for individual projects as and when plans are finalised. At a high level, there are some general principles that should be followed during the planning, design and implementation of capital projects, as detailed below. A toolkit is also being developed to support the achievement of reduced carbon emissions in council capital construction and renovation projects.
- 4.4.3 New buildings should be constructed to a high standard of energy efficiency, and incorporate renewable energy sources where possible, with projects aiming to achieve carbon neutral development or as close as possible to this. Maintenance and refurbishment works, including replacement of systems or equipment, should also seek to improve energy efficiency wherever possible. This will reduce energy use and therefore bills, delivering further benefits. Major projects will also need to meet Climate Change policy CS2 in the Leicester City Core Strategy planning document, which requires best practice in terms of minimising energy demand for heating, ventilation and lighting, achieving a high level of fabric efficiency, and the use of low carbon or renewable sources of energy.
- 4.4.4 Projects involving procurement, including for construction works, should follow the Council's sustainable procurement guidelines. This includes the use of low carbon and sustainable materials, low carbon equipment and vehicles and reducing waste in procurement processes. Transport projects should seek to enable a greater share of journeys to be safely and conveniently undertaken by walking, cycling or public transport wherever possible, and many of the planned works will directly contribute to this. Flood risk and environmental works are also a key part of increasing resilience to a changing climate in the city.

Aidan Davis, Sustainability Officer

4.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

Equal Opportunities	Yes	Paragraph 4.3
Policy	Yes	The capital programme is part of the Council's overall budget and policy framework, and makes a substantial contribution to the delivery of Council policy.
Sustainable and Environmental	Yes	Paragraph 4.4
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	Yes	A number of schemes will benefit elderly people and those on low income.

5. Background information and other papers:

6. Summary of appendices:

- Appendix 1 Capital Resources.
- Appendix 2a Grant Funded Schemes
- Appendix 2b Own Buildings
- Appendix 2c Routine Works
- Appendix 2d Feasibilities and Contingencies
- Appendix 3 Operational Estate Maintenance Capital Programme
- Appendix 4 Highways Maintenance Capital Programme
- Appendix 5 Children's Capital Improvement Programme
- Appendix 6 Capital Strategy 2024/25

7. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)? No

8. Is this a “key decision”? If so, why? No – it is a proposal to Council.

Report Author: Kirsty Cowell

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Appendix One

Capital Resources

	24/25 {£000}	25/26 {£000}	Total {£000}
<u>Resources Brought Forward</u>			
Previous years' savings	11,952	0	11,952
Total One Off Resources	11,952		11,592
<u>Capital Receipts</u>			
General Capital Receipts	5,424	0	5,424
Total Receipts	5,424	0	5,424
<u>Unringfenced Capital Grant</u>			
Education maintenance	1,148	6,000	7,148
Integrated Transport	2,576	0	2,576
Transport maintenance	3,262	0	3,262
Total Unringfenced Grant	6,986	6,000	12,986
Service Transformation Fund	698	0	698
TOTAL UNRINGFENCED RESOURCES	25,060	6,000	31,060
Ringfenced resources			
Disabled Facilities Grant	1,861	0	1,861
Prudential Borrowing	150	0	150
TOTAL RINGFENCED RESOURCES	2,011	0	2,011
TOTAL CAPITAL RESOURCES	27,071	6,000	33,071

Grant Funded Schemes

	Division	Scheme Type	Corporate Programme Funding	Ringfenced Funding	Total Approval
			{£000}	{£000}	{£000}
<u>Grant Funded Schemes</u>					
Children's Capital Maintenance Programme	CDN (EBS)	WP	7,100	-	7,100
Highway Capital Maintenance	CDN (PDT)	WP	3,262	-	3,262
Transport Improvement Works	CDN (PDT)	WP	2,576	-	2,576
Disabled Facilities Grants	CDN (HGF)	WP	-	1,861	1,861
TOTAL			12,938	1,861	14,799

Key to Scheme Types : WP = Work Programme

Summary of Ringfenced Funding

	{£000}
Disabled Facilities Grant	1,861
TOTAL RINGENCED FUNDING	1,861

Own Buildings

	Division	Scheme Type	Corporate Programme Funding	Ringfenced Funding	Total Approval
			{£000}	{£000}	{£000}
<u>Own Buildings</u>					
Operational Estate Maintenance	CDN (EBS)	WP	2,501	-	2,501
Corporate Estate	CDN (EBS)	PP	1,500	-	1,500
Leisure Centres Improvements	CDN (PH)	PJ	1,072	-	1,072
Depot Relocation	CDN (NES)	PJ	200	-	200
Pest & Dogs Depot Relocation	CDN (NES)	PJ	48	-	48
TOTAL			5,321	-	5,321

Key to Scheme Types : PJ = Project ; WP = Work Programme, PP = Policy Provision

Routine Works

	Division	Scheme Type	Corporate Programme Funding	Ringfenced Funding	Total Approval
			{£000}	{£000}	{£000}
<u>Routine Works</u>					
Fleet Replacement Programme	CDN (HGF)	WP	3,805	-	3,805
Local Environmental Works	CDN (PDT)	WP	400	-	400
Grounds Maintenance Equipment	CDN (NES)	WP	95	150	245
Growing Spaces	CDN (NES)	PP	301	-	301
Flood Risk Prevention	CDN (PDT)	WP	300	-	300
Foster Care Capital Contribution Scheme	CDN (ECS)	WP	250	-	250
Front Walls Enveloping	CDN (PDT)	WP	200	-	200
Heritage Interpretation Panels Programme	CDN (TCI)	WP	195	-	195
Historic Building Grant Fund	CDN (PDT)	WP	75	-	75
Festival Decorations	CDN (TCII)	WP	50	-	50
TOTAL			5,671	150	5,821

Key to Scheme Types : WP = Work Programme, PP = Policy Provision

Feasibilities and Contingencies

Division	Scheme Type	Corporate Programme Funding	Ringfenced Funding	Total Approval	
		<i>{£000}</i>	<i>{£000}</i>	<i>{£000}</i>	
<u>Feasibilities and Contingencies</u>					
Match Funding	CDN (Various)	PP	3,000	-	3,000
Programme Contingency	All Divisions	PP	3,000	-	3,000
Feasibility Studies	CDN (Various)	WP	1,130	-	1,130
TOTAL			7,130	-	7,130
<i>Key to Scheme Types : PP = Policy Provision ; WP = Work Programme</i>					
GRAND TOTAL – ALL SCHEMES			31,060	2,011	33,071

Operational Estate Maintenance Capital Programme

Description	Amount £000's
Building Works - Essential maintenance at the Council's operational and investment buildings. Key works include pathway replacements at parks, repairs at leisure centres and works to heritage sites.	1,035
Compliance Works - Generally consisting of surveys to gain condition data across the estate and works arising from the various risk assessments that are undertaken.	422
Electrical Works - Replacement switch gear, alarms and lighting works.	449
Mechanical Works - Ventilation systems, building management systems and heating controls.	424
Emergency Provision – Provision for emergency reactive works that could be required across the Council's estate	171
TOTAL	2,501

Proposed Highways Maintenance Capital Programme

Description	Amount £000's
Principal Roads – Narborough Road, Uppingham Road	185
Classified Non-Principal Roads – Saffron Lane continuation, University Road.	280
Unclassified Neighbourhood Roads, Large Area Patching & Pothole Repairs – Target large carriageway defect repairs to provide longer term repairs in readiness for surface dressing.	1,272
Footway Relays and Reconstructions – Focus on neighbourhood street scene corridor improvements in district centres; Narborough Road footways refurbishment, Melton Road uneven footway improvements.	400
Strategic Bridge Deck Maintenance & Replacement Works Includes feasibility studies and structural surveys to assess St. Margarets Way half joint replacement and Burleys Way Flyover maintenance.	150
Bridge Improvement & Maintenance Works – Kitchener Road & Chesterfield Rd Bridge Maintenance. Various parapet replacements, structural maintenance works and technical assessment review project.	235
Traffic Signal Installations Renewals and Lighting Column Replacements – Signalling Upgrades, Lamp Column Replacements, Illuminated Bollards and Sign Replacements.	240
DfT / Whole Government Accounting Lifecycle Asset Management Development Project – Strategic asset management development, data analysis, lifecycle planning and reporting in support of DfT Challenge Funding bidding linked to asset management performance.	500
TOTAL	3,262

Children's Capital Improvement Programme

Description	Amount £000's
Building Works - Typical works include roof replacements, sports hall floor replacements, playground resurfacing and window replacements.	1,435
Compliance Works - This work stream will mainly be used to ensure the playing fields and pavilions used by schools are fully compliant with current regulations and to conduct health and safety works.	694
Electrical Works - Replacement switch gear, alarms and lighting works.	144
Mechanical Works - schemes being undertaken within the programme typically consist of re-piping heating systems and end of life ventilation replacements.	185
Safeguarding Works - building works to ensure sites are secure.	320
Sustainability Works - to carry out works to aid the decarbonisation of the Council's estate. Including works to support the energy efficiency technology programme that is in the current capital programme.	2,385
Individual Access Needs Works - This is a provision to allow works to be carried out to enable children with additional needs to access mainstream school.	300
Emergency Provision - This is provision within the programme to allow for emergency unforeseen works to be carried out.	1,637
TOTAL	7,100

Capital Strategy 2024/25

1. Introduction

- 1.1 It is a requirement on local authorities to prepare a capital strategy each year, which sets out our approach to capital expenditure and financing at a high level. The requirement to prepare a strategy arises from Government concerns about certain authorities borrowing substantial sums to invest in commercial property, often primarily for yield and outside the vicinity of the council concerned (something the Council has never done).
- 1.2 There is also a requirement on local authorities to prepare an investment strategy, which specifies our approach to making investments other than day to day treasury management investments (the latter is included in our treasury management strategy, as in previous years). The investment strategy is presented as a separate report on your agenda.
- 1.3 This appendix sets out the proposed capital strategy for the Council's approval.

2. Capital Expenditure

- 2.1 The Council's capital expenditure plans are approved by the full Council, on the basis of two reports:-
- (a) The corporate capital programme – this covers periods of one or more years, and is always approved in advance of the period to which it relates. It is often, but need not be, revisited annually (it need not be revisited if plans for the subsequent year have already been approved);
 - (b) The Housing Revenue Account (HRA) capital programme – this is considered as part of the HRA budget strategy which is submitted each year for approval.
- 2.2 The capital programme is split into:-
- (a) Immediate starts – being schemes which are approved by the Council and can start as soon as practical after the council has approved the programme. Such schemes are specifically described in the relevant report;
 - (b) Policy provisions, which are subsequently committed by the City Mayor (and may be less fully described in the report). The principle here is that further consideration is required before the scheme can start.
- 2.3 The corporate capital programme report sets out authorities delegated to the City Mayor. Decisions by the City Mayor are subject to normal requirements in the constitution (e.g. as to prior notice and call-in).

- 2.4 Monitoring of capital expenditure is carried out by the Executive and the Overview Select Committee. Reports are presented on 3 occasions during the years, and at outturn. For this purpose, immediate starts have been split into three categories:-
- (a) **Projects** – these are discrete, individual schemes such as a road scheme or a new building. These schemes are monitored with reference to physical delivery rather than an annual profile of spending. (We will, of course, still want to make sure that the overall budget is not going to be exceeded);
 - (b) **Work Programmes** – these will consist of minor works or similar schemes where is an allocation of money to be spent in a particular year.
 - (c) **Provisions** – these are sums of monies set aside in case they are needed, but where low spend is a favourable outcome rather than indicative of a problem.
- 2.5 When, during the year, proposals to spend policy provisions are approved, a decision on classification is taken at that time (i.e. a sum will be added to projects, work programmes or provisions as the case may be).
- 2.6 The authority does not capitalise expenditure, except where it can do so in compliance with proper practices: it has never applied for directions to capitalise revenue expenditure. Given the current revenue position, this stance will be kept under review.
- 2.7 The table below forecasts the past and forecast capital expenditure for the current year and 2024/25. It therefore, includes latest estimates of expenditure from the 2023/24 programme that will be rolled forward.

Department / Division	2023/24 Estimate £m	2024/25 & Beyond Estimate £m
All Departments	1.7	3.0
Corporate Resources	1.3	2.2
Planning, Development & Transportation	66.7	45.4
Tourism, Culture & Inward Investment	18.9	28.1
Neighbourhood & Environmental Services	3.0	4.5
Estates & Building Services	11.8	11.2
Adult Social Care	0.5	5.5
Children's Services	22.2	29.3
Public Health	0.2	0.0
Housing General Fund	5.3	4.6
Total General Fund	131.6	133.8
Housing Revenue Account	52.9	121.7
Total	184.5	255.5

- 2.8 The Council's Estates and Building Services Division provides professional management of non-housing property assets. This includes maintaining the properties, collecting any income, rent reviews, ensuring that lease conditions are complied with and that valuations are regularly updated at least every 5 years. A capital programme scheme is approved each year for significant improvements or renovation.
- 2.9 The Housing Division provides management of tenanted dwellings. Apart from new build and acquisitions, the HRA capital programme is almost entirely funded from tenants' rents. The criteria used to plan major works are in the table below:-

Component for Replacement	Leicester's Replacement Condition Criteria	Decent Homes Standard: Maximum Age
Bathroom	All properties to have a bathroom for life by 2036	30 - 40 years
Central Heating Boiler	Based on assessed condition	15 years (future life span of new boilers is expected to be on average 12 years)
Chimney	Based on assessed condition	50 years
Windows & Doors	Based on assessed condition	40 years
Electrics	Every 30 years	30 years
Kitchen	All properties to have an upgraded kitchen by 2036	20 - 30 years
Roof	Based on assessed condition	50 years (20 years for flat roofs)
Wall finish (external)	Based on assessed condition	80 years
Wall structure	Based on assessed condition	60 years

3. Financing Capital Expenditure

- 3.1 Most capital expenditure of the Council is financed as soon as it is spent (by using grants, capital receipts, revenue budgets or the capital fund). The Council will only incur spending which cannot be financed in this way in strictly limited circumstances. Such spending is termed "prudential borrowing" as we are able to borrow money to pay for it. Circumstances in which the Council will use "prudential borrowing" are:-
- (a) Where spending facilitates a future disposal, and it is estimated that the proceeds will be sufficient to fully cover the initial costs;
 - (b) Where spending can be justified with reference to an investment appraisal (this is further described in the separate investment strategy). This also includes social housing, where repayment costs can be met from rents;

- (c) Other “spend to save” schemes where the initial cost is paid back from revenue savings or additional income;
- (d) Where, historically, the Council has used leasing for vehicles or equipment, and revenue budgets already exist to meet the cost;
- (e) “Once in a generation” opportunities to secure significant strategic investment that will benefit the city for decades to come.

3.2 The Council measures its capital financing requirement, which shows how much we would need to borrow if we borrowed for all un-financed capital spending (and no other purpose). This is shown in the table below:-

	2023/24 Estimate £m	2024/25 £m	2025/26 £m	2026/27 £m
HRA	272	297	322	347
General Fund	257	251	242	234

(The table above excludes PFI schemes).

3.3 Projections of actual external debt are included in the treasury management strategy, which is elsewhere on your agenda.

4. **Debt Repayment**

4.1 As stated above, the Council usually pays for capital spending as it is incurred. However, this has not always been the case. In the past, the Government encouraged borrowing and money was made available in Revenue Support Grant each year to pay off the debt (much like someone paying someone else’s mortgage payments).

4.2 The Council makes charges to the general fund budget each year to repay debt incurred for previous years’ capital spending. (In accordance with Government rules, no charge needs to be made to the Housing Revenue Account: we do, however, make charges for newly built and acquired property).

4.3 The general underlying principle is that the Council seeks to repay debt over the period for which taxpayers enjoy the benefit of the spending it financed.

4.4 Where borrowing pays for an asset, debt is repaid over the life of the asset.

4.5 Where borrowing pays for an investment, debt is repaid over the life of the Council’s interest in the asset which has been financed (this may be the asset life, or may be lower if the Council’s interest is subject to time limits). Where borrowing funds a loan to a third party, repayment will never exceed the period of the loan.

4.6 Charges to revenue will be based on an equal instalment of principal, or set on an annuity basis, as the Director of Finance deems appropriate.

4.7 Debt repayment will normally commence in the year following the year in which the expenditure was incurred. However, in the case of expenditure relating to the construction of an asset, the charge will commence in the year after the

asset becomes operational or the year after total expenditure on the scheme has been completed.

4.8 The following are the maximum asset lives which can be used:-

- (a) Land – 50 years;
- (b) Buildings – 50 years;
- (c) Infrastructure – 40 years;
- (d) Plant and equipment – 20 years;
- (e) Vehicles – 12 years.

4.9 Some investments governed by the treasury strategy may be accounted for as capital transactions. Should this require debt repayment charges, an appropriate time period will be employed.

4.10 Authority is given to the Director of Finance to voluntarily set aside sums for debt repayment, over and above the amounts determined in accordance with the above rules, where she believes the standard charge to be insufficient, or in order to reduce the future debt burden to the authority.

4.11 In circumstances where the investment strategy permits use of borrowing to support projects which achieve a return, the Director of Finance may adopt a different approach to debt repayment to reflect the financing costs of such schemes where permitted by Government guidance. The rules governing this are included in the investment strategy.

4.12 The ratio of financing costs to net revenue budget is estimated to be:-

	2023/24	2024/25	2025/26	2026/27
	%	%	%	%
HRA	11.6	13.3	13.8	14.2
General Fund	0.0	0.6	1.0	1.3

5. **Commercial Activity**

5.1 The Council has for many decades held commercial property through the corporate estate. It may decide to make further commercial investments in property, or give loans to others to support commercial investment. Our approach is described in the investment strategy, which sets the following limitations:-

- (a) The Council will not make such investments purely to generate income. Each investment will also benefit the Council’s service objectives (most probably, in respect of economic regeneration and jobs). It will, however, invest to improve the financial performance of the corporate estate;
- (b) The Council will not make investments outside of the Leicester, Leicestershire and Rutland area (or just beyond its periphery) except as described below. We would not, for instance, borrow money to buy a shopping centre 100 miles from Leicester;
- (c) There is one exception to (b) above, which is where the investment meets a service need other than economic regeneration. An example

might be a joint investment, in collaboration with other local authorities; or investment in a consortium serving local government as a whole. In these cases, the location of the asset is not necessarily relevant.

- 5.2 Such investments will only take place (if they are of significant scale) after undertaking a formal appraisal, using external advisors if needs be. Nonetheless, as such investments also usually achieve social objectives, the Council is prepared to accept a lower return than a commercial funder might, and greater risk than it would in respect of its treasury management investments. Such risk will always be clearly described in decision reports (and decisions to make such investments will follow the normal rules in the Council's constitution).
- 5.3 Although the Council accepts that an element of risk is inevitable from commercial activity, it will not invest in schemes whereby (individually or collectively) it would not be able to afford the borrowing costs if they went wrong. As well as undertaking a formal appraisal of schemes of a significant scale, the Council will take into account what "headroom" it may have between the projected income and projected borrowing costs. In practice, our ability to carry out commercial activity is now limited by our revenue position.
- 5.4 In addition to the above, the Council's treasury strategy may permit investments in property or commercial enterprises. Such investments may be to support environmental and socially responsible aims, and are usually pooled with other bodies. For the purposes of the capital strategy, these are not regarded as commercial activities under this paragraph as the activity is carried out under the treasury strategy.

6. **Knowledge and Skills**

- 6.1 The Council employs a number of qualified surveyors and accountants as well as a specialist team for economic development who can collectively consider investment proposals. It also retains external treasury management consultants (currently Arlingclose). For proposed investments of a significant scale, the Council may employ external specialist consultants to assist its decision making.

Adult Social Care Scrutiny Commission Report

Revision to Charging Policy

Meeting Date: 25 January 2024

Lead director: Ruth Lake

Useful information

- Ward(s) affected: All
- Report author: Prashant Patel & Matt Cooper
- Author contact details: 37 2145
- Report version number: 5.1

1. Summary

- 1.1 This report will update the Adult Social Care (ASC) Scrutiny Commission on a consultation exercise in relation to proposed changes to the ASC charging policy. The commission was advised of the consultation prior to its commencement on 9 October 2023. The consultation concluded on 31 December 2023 and the responses are currently being analysed to inform the decision-making process.
- 1.2 The purpose of this report is threefold:
- a) Firstly, to outline proposals for changes to how disability benefits paid by the Department of Work and Pensions for Attendance Allowance and Disability Living Allowance - Care Component (now being replaced by Personal Independence Payments) are treated within the financial means test.
 - b) Secondly, to outline proposals for the introduction of an administration charge when acting as an appointee for people who lack capacity to manage their own financial affairs or have complex care needs that require support with managing their finances. This would either be via a third-party provider, appointed by the Council for this specific purpose or an internal resource.
 - c) Thirdly, to confirm the decision-making timeline

2. Recommendations

- 2.1 The ASC Scrutiny Commission is advised to note the consultation and make any comments, prior to a further report which will outline the consultation findings.

3. Supporting information, including options considered:

3.1 Revenue Budget Pressures

- 3.1.1 The Council is in the middle of the most severe period of spending cuts it has ever experienced. As part of its approach to achieving substantial budget reductions, like other Council Departments, Adult Social Care has to achieve targeted savings in the region of £12m.

- 3.1.2 Previously, targeted savings included a review of income generation in the form of how Disability Related Expenditure (DRE) and other disability benefits are treated within the Council's Charging Policy. Accordingly, in 2018 the Council undertook a formal consultation covering the treatment of Disability Related Expenditure (DRE) within the financial assessment undertaken for non-residential care individuals that draw upon our services. This resulted in a change to the Council's Charging Policy from April 2019, in that the standard level DRE disregard has been reduced in the financial assessment from £20 to £10 per week for individuals (or from £15 to £10 per week, if one of a couple). This has delivered the targeted savings sought against DRE.
- 3.1.3 To contribute further to the savings target, the Council previously consulted on proposals to change how disability benefits paid by the Department of Work and Pensions are treated within the Council's Charging Policy, in 2019. Whilst the Executive took the decision at that time not to proceed with the proposals, the financial constraints faced by local authorities now necessitate the need to revisit options to ensure that people who draw upon our services are being assessed fairly and that their charges are appropriate.
- 3.1.4 The Council can manage a service internally or appoint a third party to act as an appointee, assuming responsibility to manage the financial affairs on behalf of an individual, whilst also making and maintaining any benefit claims. Acting as an appointee is currently provided at no cost by the Council but it is not a statutory service and therefore, an administration charge can be applied, or discharged completely
- 3.1.5 The decision to consult (and reconsult on the treatment of disability benefits in a persons' financial assessment) is driven by the need to contribute further to the savings target. The remaining sections of this report deal specifically with these proposals.

3.2 Treatment of Disability Benefits

- 3.2.1 Annex C of the Care and Support Guidance to the Care Act 2014 covers the treatment of income when conducting a financial assessment to calculate what a person can afford to contribute to the cost of their eligible care needs.
- 3.2.2 In relation to disability benefits, the guidance refers to Attendance Allowance (AA), Disability Living Allowance - Care Component (DLA) and Personal Independence Payment (PIP) explicitly. Paragraph 16 within that guidance requires that local authorities must consider any income from benefits, when assessing if a person can afford to pay from their income towards the cost of their care. This is known as a means test.
- 3.2.3 Disability benefits are paid by the Department of Work and Pensions (DWP) to people who require frequent help or constant supervision during the day and/or night. These benefits are paid in the form of an Attendance Allowance (for over 65's) and Disability Living Allowance - Care Component (for under 65's). DLA is being phased out for people aged 16 to 64 and is being replaced by a Personal Independence Payment (PIP).

- 3.2.4 AA is paid to people at two rates, a lower rate of £68.10 per week (where frequent help / constant supervision is needed during the day or night) and a higher rate of £101.75 per week (where help/supervision is needed during the day and night).
- 3.2.5 DLA is made up of 2 components – care and mobility. The mobility component is out of the scope of this report as the Care Act guidance is specific in that the mobility components of DLA and PIP must be fully disregarded in the assessment of income calculation. The DLA care component is paid to people at 3 rates: a low rate of £26.90 per week (where help is needed for some of the day or with preparing cooked meals), a middle rate of £68.10 per week (where frequent help/constant supervision is needed during the day or night), and a high rate of £101.75 per week (where help/supervision is needed during the day and night).
- 3.2.6 A current financial assessment for non-residential care would consider £68.10 a person receives per week from these benefits as income. It would therefore be included in the calculation of assessable income for the purposes of financially assessing a person’s ability to contribute towards the costs of the care they receive. If a person receives the higher rate, it is currently disregarded (to the lower rate of AA, or middle rate of DLA). This is in line with previous Department of Health guidance.
- 3.2.7 However, Annex C of the Care and Support Guidance (paragraphs 14-18) deal with benefits and state that Local authorities may take most of the benefits people receive into account. Whilst the guidance (paragraph 15) is specific about some income sources which must still be fully disregarded (i.e. DLA/PIP mobility component payments), all income from AA and the DLA/PIP (Care/Daily Living Component) must be taken fully into account when assessing a person’s ability to contribute towards the costs of residential care services.
- 3.2.8 The guidance also gives the Council further discretion over charging for non-residential care services and to include AA and any DLA/PIP Care/Daily Living components at the higher rate in the assessment of income for the purposes of the financial assessment. However, the guidance also sets out that a person must be able to afford to pay for the costs of their care needs which are not being met by the local authority, from their income.
- 3.2.9 Research has shown that the application of the discretion to include the high rate of AA and DLA Care in non-residential financial assessments varies between local authorities. Some Councils now include the high rate of AA and DLA/PIP Care/Daily Living in all non-residential financial assessments, whilst other Councils allow a disregard of £33.65 per week (difference between £101.75 and £68.10) where they do not provide night care services to the individual.
- 3.2.10 For AA and DLA Care Component benefits, since the higher rate can only be awarded if a person has both daytime and night time care needs, then potentially, the basis on which a local authority could justify taking into account the extra income would be where:

- 1) The local authority was providing a care package that involved meeting night-time care needs, or
- 2) The cost of the claimant's night-time care needs that are not arranged by the local authority, does not equate to that of the higher benefit payment.

3.2.11 PIP Daily Living payments are awarded (standard and enhanced) by virtue of an assessment of a person's ability to perform activities related to daily living rather than a narrative description of needs during different parts of the day and or night. At least one local authority has previously indicated that they have included the PIP Daily Living enhanced rate in their financial assessments, even where no night-time care is provided by the authority. This policy was applied following consultation.

3.2.12 For those local authorities who had previously implemented the higher rates across all non-residential care financial assessments, three authorities were known to have received some form of challenge. Two authorities had a challenge raised via the Local Government Ombudsman and a debt court. In both cases the outcome ruling was in favour of the local authority concerned. In the case involving the LGO, the findings did state that there was no fault in the Council's use of Attendance Allowance as income in the financial assessment even if it was partly paid to meet night-time needs where the Council was only providing day care. Any issue of unlawfulness and irrationality would have to be tested at court.

3.2.13 The third local authority (Norfolk County Council) had its Charging Policy successfully challenged via Judicial Review in Dec 2020, on the basis that it was considered to have discriminated against the most severely disabled (i.e., those more likely to be on enhanced disability benefits). The policy sought to consider the higher benefit rates, and only allow for the minimum level of Minimum Income Guarantee (MIG)¹ rates and was found not to have complied with sections 8.46 & 8.47 of the Care & Support statutory guidance regarding what a person can afford to contribute towards their care costs.

3.2.14 The government considered that it is inconsistent with promoting independent living to assume, without further consideration, that all a person's income above the MIG is available to be taken in charges (paragraph 8.46). Local authorities should therefore consider whether it is appropriate to set a maximum percentage of disposable income (over and above a level of guaranteed minimum income) which may be considered in charges (paragraph 8.47).

3.2.15 The statutory guidance (paragraph 8.42) also states that where a person receives benefits to meet their disability needs that do not meet the eligibility criteria for local authority care and support, the charging arrangements should ensure that they keep enough money to cover the cost of meeting these disability-related costs.

¹ 'Protected Income' or Minimum Income Guarantee (MIG) is the amount that the Department of Health guidance states should remain free from charges and is calculated by adding 25% to an individual's Income Support allowances and premiums (excluding Severe Disability Premium) according to age, level of disability and family status or the appropriate Pension Guarantee Credit or Pension Credit (excluding Severe Disability Premium).

- 3.2.16 If the AA and DLA/PIP benefits were treated as income in full within the financial assessment, then this would affect those people that are currently paid at the higher benefit rates. The Council does not record the rate of these benefits for individuals (as currently all higher level payments are disregarded to the lower rate), so only rough estimates can be made of the numbers that would be affected by using DWP statistics of cases in payment within Leicester, across the 3 benefit categories.
- 3.2.17 With reference to these statistics, of the approximate 3,860 people with a financial assessment for non-residential services, it is estimated that approximately 1,236 potentially receive the higher-level AA or DLA/PIP Care/Daily Living Component. This equates to around 55% of those people who currently have at least the lower-level benefit in their current financial assessment).
- 3.2.18 Based on existing caseload and applying the DWP statistics on cases in payment at the higher rates, these higher benefits could initially increase potential income levels by approximately £1.86m, per annum. However, this figure needs to be considered with significant caution given there will be several people who will likely seek to demonstrate, through reassessment, that they incur additional costs of care which is not provided by the Council and for which they use the higher benefit payment to cover such costs, which would need to be disregarded in the financial assessment.
- 3.2.19 Within the above estimate, the element of income that could be generated from including the enhanced level PIP Daily Living component in the financial assessment is estimated to be in the region of £1.1m. Given this benefit is awarded by virtue of points linked to tasks, rather than a narrative description of need during different parts of the day and/or night, there may be potential for the Council to consider using the full benefit payment in the financial assessment without any disregard (see also paragraph 3.2.11 above).
- 3.2.20 In any event, under the regulations, the Council is permitted to include the higher benefit rates in a financial assessment for non-residential charges where the Council provides some element of night-time care – please see the Financial Implications at section 5.1 of this report.
- 3.2.21 In the first year, any additional income would be offset by additional costs associated with undertaking updated financial assessments for all those affected. Additionally, given that full or part adoption of the higher rates within any financial assessment may also need to have regard for the package of care received by the individual, and greater collaboration between the financial Assessment team and Social Work Teams, this would likely require a change to how the assessment process is undertaken in the future and could impact on administrative costs associated with undertaking the assessment process.
- 3.3 Treatment of Appointeeship**
- 3.3.1 The Council acts as an appointee for approximately 689 people. The Business Service Centre is responsible for managing the finances for people if they lack the capacity to manage their own financial affairs or have complex care needs

that require support with managing their finances. This may include concerns around safeguarding or financial abuse.

- 3.3.2 To act as an appointee, the Council must attain permission from the Department for Work & Pensions (DWP). This is only exercised if there is no one else willing or able to carry out the role for the individual, and a social worker has subsequently requested for the Council to do so.
- 3.3.3 Acting as an appointee provides a legal mandate to receive a person's social security benefits (this does not extend to any jurisdiction of an occupational pension). As an appointee, the Council does not have power to access the person's bank accounts or any other money held. When acting as an appointee, the Council will receive the persons' benefits and then pay rent (including HRA houses), Council Tax, utilities, and costs towards any care they receive.
- 3.3.4 Once the DWP has given authorisation for the Council to start receiving an individual's benefits, the Council will pay all their bills and discharge any debts they may have, on their behalf. Being an appointee on behalf of the individual can provide social economic benefits in our communities, by way of improved health, education & employment outcomes.
- 3.3.5 In certain circumstances, the Council may act as a deputy, which has wider ranging powers to manage over and above a person's benefit. Usually, this is where occupational pensions are in payment. Being a deputy is already chargeable and incurs court approved fees, in accordance with fees as set by HM Courts & Tribunals service, or administrative costs set out by The Courts & Tribunals Judiciary. Deputyship is out of the scope of this report.

3.4 Impact for Individuals:

People receiving disability benefits

- 3.4.1 Of the approximate 3,860 people with a financial assessment for non-residential services, some 2,228 people are currently in receipt of some form of Disability Allowance (AA/DLA/PIP Care/Daily Living component) as part of their income calculation within the financial assessment. It is estimated that approximately 1,236 people may be receiving the higher-level AA or DLA/PIP Care/Daily Living Component.
- 3.4.2 The maximum increase in a person's charge would be £33.65 per week, being the difference between the higher/enhanced and middle/standard benefit rates, although the impact for many would be much lower than this based on their individual income levels and/or the value of their package of care. Some people who do not currently pay a contribution towards their care costs could have to start doing so. Simplified examples of how disability benefits would be treated within a financial assessment under these proposals are shown in Appendix A.
- 3.4.3 However, under these proposals it must be stressed that the Council would need to continue to exercise discretion in its application of this policy change in line with the requirements of the statutory guidance (paragraph 8.42 and

Annex C, Para 39). This requires that where disability-related benefits are considered, the local authority should make an assessment and allow the person to keep enough benefit to pay for necessary disability-related expenditure to meet any needs which are not being met by the local authority. In this regard, Para 41 of the statutory guidance identifies the care plan as a good starting point for considering what is eligible and necessary disability-related expenditure, as the care assessment is fundamentally about need.

People who use the Council's appointee service

- 3.4.4 The proposal is to introduce a charge for people using an appointee service. This administrative charge would only be levied against people who have a savings balance of over £1,000. Of the approximate 689 people who currently use the Council's appointee service, some 600 individuals would be required to pay this charge as they have a savings balance of over £1,000, though numbers fluctuate.
- 3.4.5 Under these proposals, these individuals would be liable to pay a fee of between £14 and £16 per week depending upon service provider, resulting in a maximum total charge of between £728 and £832 per annum. Based on the existing caseload, this could save the Council approximately £260k per annum (noting consideration of additional administration impacts, such as invoicing) as this service is currently provided free of charge. Take-up of the appointee service is non-statutory.
- 3.4.6 From a sample of authorities for which information was available, there appears to be a large variance in the approach of charging for the role of appointee. Some authorities operate a fixed rate, whilst others use a banded rate approach. Certain local authorities only apply a charge when the individual has savings above a £15k threshold. Details of the sample are as follows:

<u>Local Authority</u>	<u>Weekly Charge</u>
Staffordshire	£5 - £7.50 (over £1k savings)
Wigan	£15
Portsmouth	£4 - £10
York	£6.65 + costs for transactional activity
Bromley	£10.77 - £12.50
Northamptonshire	£10 - £12.50
Nottinghamshire	£12 (over £1k savings)
Derby	£6.68 - £12.03

- 3.4.7 The proposed charge is representative of the staffing costs currently incurred by the Council's Business Service Centre (BSC) or passed on from a third party provider to administer the service. Inflation may apply to this charge but it is unlikely that the rate would be increased annually and would only be reviewed if administration costs rise significantly.
- 3.4.8 For individuals who receive the higher rate disability benefit (and who can't evidence this being spent on their non-council arranged care), coupled with a proposed charge for the appointee service, the potential impact on their retained weekly income could be significant.

3.4.9 Some protection does remain for people in the form of the MIG within the assessment of a person's charge towards their care (under the Care Act 2014, charges must not reduce a person's income below a universal guarantee in the form of an income floor). However, individuals will likely feel the impact of what was previously allowed as retained income above the MIG level which they are potentially using to contribute towards their other daily living costs. There could therefore be a social well-being or physical health consequence to some people as result of any reduction to their retained income.

3.5 Costs associated with undertaking more re-assessments and appeals

3.5.1 If the proposed increase to the Disability Allowance disregard were to go ahead, then everyone who receives a non-residential commissioned service or Direct Payment would need to be re-assessed.

3.5.2 The re-assessment process is largely an administrative one. Initially this would involve sending out a form to all people to collect updated details, assisting with basic queries and chasing the return of the forms.

3.5.3 Some people could challenge any initial assessed charge on the basis that they have new information which needs to be included in the assessment or they believe the charge is incorrect or is not in accordance with the Policy. The latter would form a right to appeal. Appeals are accepted within 35 days from notification of the weekly charge being applied and are dealt with under a two stage appeals process:

Stage 1: A different assessment officer reviews the case, independent of the original decision maker. Those that remain dissatisfied from this outcome can request a stage 2 appeal.

Stage 2: This includes independent review by 2 senior officers. This decision is final.

3.5.4 It is difficult to predict the number of people who would request this, but it would result in significant additional work for financial assessment officers (band 5, 6 or 8, depending on the stage of the appeal).

3.5.5 Additional resources would be needed to assist with this work.

3.5.6 The proposals would not have a negative effect on the workload of the business service centre, as they already provide the appointee service. If people were to move to a third party as an alternative provider, the administrative burden on the team would be reduced.

3.6 Risks

3.6.1 The main risks of consulting, introducing changes to the financial assessment and charges to managing finances are captured below:

Attendance Allowance Risks	Actions / Strategy for mitigation
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1.	Changes would affect large numbers of people (as detailed in section 3.4 above).	Some people will be impacted by the proposals covering Disability Benefits. As stated in the report, the Council does not record the rate of these disability benefits for individuals, so only rough estimates can be made of the numbers that would be affected (based on DWP statistics of eligibility).
2.	The Council consulted on increased charges in the form of DRE minimum disregards in 2018 and implemented changes to those minimum thresholds effective from April 2019. The changes increased some people's contributions towards the cost of their care by up to a maximum of £10 per week.	Public facing documentation will clearly outline the rationale and relevant legislation behind the consultation, to ensure customers are well informed and that processes remain transparent. The Council will undertake individual assessments on a case-by-case basis, ensuring appeals are dealt with swiftly and efficiently. Discretion will remain where people can evidence additional expenditure incurred on provision of qualifying care and support not provided by the Council.
3.	Any savings made through increased income from charges for services because of re-assessments would be offset by the additional time taken to resolve queries and challenges to individual assessments, in the initial policy review year. This would include the time of Social Workers as well as Financial Operations staff.	Staffing resources will need to be considered to support the additional assessment work at implementation. At minimum, an extra finance officer at Scale 5 (£26,845 per annum, or £35,972 with on costs) will be required.
4.	The financial assessments are complex and require a sound knowledge base so would require input from suitably experienced staff rather than agency/temporary workers.	Recruitment of additional staff resource would need to be prioritised and undertaken prior to the commencement of the reassessments to allow time for mobilisation of required staff changes including training.
5.	Additional resource to undertake the assessment work is likely to come from existing Social Care Finance staff due to the skills and knowledge needed. This creates issues in other areas as those staff moving from the payments function (for example) will need to have those roles backfilled to keep the work of those areas up to date. There is a risk that whilst	Please see section 4 above.

	the assessment roles are filled, other areas may fall behind.	
6.	New Minimum Income Guarantee (MIG) rates and capital limits are set by the Department of Health to apply from April each year. Limits for April 2024 will not be made public until late February 2024 at the earliest, therefore any reassessments done prior to notification of the new MIG may have to be redone.	Additional staffing resources will be in place to help alleviate this burden. Where further reassessment is required, this will be delivered as soon as is practicable in line with any publication of revised limits.
7.	There could be social well-being or physical health consequences to some people, and hence increased demand for services, as a result of any reduction to their retained income.	Protection is provided in the form of the MIG within the assessment of a person's charge towards their care. Assessments will be handled on a case-by-case basis to ensure discretion is applied to people's individual circumstances.

	Appointee Risks	Actions / Strategy for mitigation
8.	Consultation with those who lack capacity is difficult if they are unable to understand the reasons behind the charging and extra measures will need to be put in place to ensure it is meaningful.	Easy read and simplified material will be made available for people who require it, and social workers will be briefed to ensure accurate dialogue can be delivered during visits or assessments.
9.	There will be more clients with increasingly complex financial requirements due to an increase of people being supported to live in their communities.	Administrative burden to be offset by charging people to support the staffing resources required.
10.	It is recognised that appointees will be in receipt of state benefits and minimal alternative sources of income.	The proposals will support those with the lowest levels of income by only applying charges to those with savings above £1k and keeping fees to the cost of running the service.
11.	Clients affected by this change may cite the cost of the appointee service as a direct cost because of their disability/illness and seek for this to be treated as an allowable disregard within their DRE costs.	LCC being an appointee is entirely voluntary, as another third party can take on this role. LCC would normally take the role due to safeguarding or financial abuse issues, this is not related to the specific illness or disability of the individual, but the safeguarding issue.

3.6.2 Consideration was given to the possibility that the change in the treatment of disability benefits rate be applied at the date of a person's next financial assessment. This would mean that people would experience changes to their charges at different points in time (up to a year apart). However, due to the

volume of people that would need to be reassessed, there is no viable alternative option as the finance team does not have sufficient capacity or resources to handle all cases simultaneously. This would also result in some of the savings for 2024/25 being realised later in the year.

3.7 Consultation Approach

3.7.1 A 12-week consultation was appropriate in this instance, given the number of people to be consulted (up to 3,860 people), and the fact that some consultees may require additional efforts to engage them to ensure the consultation is meaningful.

3.7.2 Staff from the SC&E Projects Team managed the consultation process. They will also collate and monitor responses, carry out an analysis of the responses and produce a 'findings' report. This will inform the recommendations in the final report.

3.7.3 The following stakeholders were identified for consultation:

- People who draw upon our services, which are affected by the proposals.
- Relatives/carers, where appropriate.
- Independent sector organisations (including advocacy organisations) which support, or provide services for, people in receipt of care services.
- Local forums that represent people in receipt of care services.
- Elected members, who will have people in their wards/ constituencies.
- Local media, whose audience includes people who may be affected.
- The wider Leicester community.

3.7.4 The following consultation approach was implemented:

- A survey for people who draw upon our services (or carers/relatives, where appropriate.)
- Hold public meetings to which people and carers/relatives will be invited.
- Press release for local media directing people to Citizen Space.
- Publicity through LCC's consultation Twitter account.
- A helpline will be staffed during working hours to deal with queries.
- Customer Services will be provided with a briefing note and contact details for further information.

3.8 Decision Timeline

3.8.1 Given the timescales required for consultation (including the evaluation of consultation responses), subsequent decision-making and system amendments (ContrOCC), the earliest that the changes could take effect is April 2024.

3.8.2 A further report to ASC Scrutiny Commission is planned for its meeting on 7 March 2024, prior to a decision being taken by the Assistant Mayor / Lead Member for Social Care.

4. Details of Scrutiny

- 4.1 ASC Scrutiny will receive a further report, setting out the consultation findings, prior to any decision.

5. Financial, legal and other implications

5.1 Financial implications

Attendance Allowance

- 5.1.1 If the proposals to be consulted upon in this report proceed, it is estimated that up to £1.86m of additional income could be generated from April 2024. This is based on the current caseload. There are however areas of uncertainty with the income projections:
- i) The number of people getting the higher rate of AA has had to be estimated based on overall city eligibility figures from the DWP, including non-council individuals.
 - ii) These DWP stats would also include people in receipt of residential care services, who would attract the higher-level attendance allowance, so potentially that would artificially 'inflate' the overall level of actual eligibility.
 - iii) The extent of the night-time care provided privately for people is unknown. Liquid logic information indicates that there is very little waking night support provided by the Council. Night-time support provided (either through commissioned packages of care or within Direct Payment care packages) would account for approximately £144k of the figure set out in 5.1.1 above.
- i) What the person is obtaining privately and the cost, or whether this night-time care is provided by a spouse for example free of charge, is unknown. If a carer was providing the support, we would need to be clear in our policy whether we are treating this as cost free, as we do generally. This could only be established through re-assessing all people as part of the implementation process of this new policy.
 - ii) There is therefore a significant degree of uncertainty regarding the ultimate savings. The decision as to whether to proceed with this policy change will have to be made with this mind. The rationale of taking into account a person's income benefit which is intended to cover night-time care, in their financial assessment, net of any actual costs they incur for that provision is justifiable. The issue is that we are not able to give any certainty on the actual savings for the Council to determine whether it is worthwhile going through the process to change our policy.
 - iii) Any level of savings will be reduced in year 1 as there will be some additional costs incurred to gather information and undertake the necessary financial re-

assessments. Changes to the assessment process could also require additional resources in future years.

Appointeeship Charges

- iv) The proposal to make a weekly charge of between £14 and £16 for the Council's appointee service could generate an estimated additional income of approximately £260k per annum (noting consideration of additional administration impacts, such as invoicing), towards covering the cost of this service. It should be noted however, if this cost was successfully challenged as to be treated as an allowable cost because of an individuals' disability/illness, then the charge levied would be treated as an allowable disregard within their DRE costs. As such, this would increase the total allowances element of the financial assessment and reduce the actual level of chargeable income that could be levied by the Council for the care services that the individual receives. In such an instance, this will have a direct negative impact on the chargeable income levels generated within the Adult Social Care service.

Matt Cooper, Business & Finance Manager. 0116 454 2145

5.2 Legal implications

5.2.1 This report outlines 2 proposals for further consultation.

- iv) to take the higher rate of disability benefits for Attendance Allowance, Disability Living Allowance (Care Component) and Personal Independence Payment (PIP – Daily Living Component) where claimed, into account during the financial assessment for non-residential charges; and
- v) to levy an administration charge when acting as, or appointing a third party to act as an appointee for a person who lacks capacity or has complex care needs where they require support for the management of their finances.

5.2.2 The Local Authority has the power to charge for meeting a person's care and support needs. If it decides to exercise that power, then it must undertake a financial assessment to assess what a person can afford to pay towards their care. The Local Authority exercises its discretion to charge in accordance with its charging policy. This policy considers various disregards to include Disability Related Expenditure (DRE) and also provides for the application of discretion.

5.2.3 When levying an administration charge the Local Authority should only seek to recover actual internal or external costs incurred. Consideration should be given to the impact of levying any charges and any deemed conflict with existing charging policies. For example, persons who lack capacity to make decisions around finances, due to an illness such as dementia, may have an arguable case to seek to have such charges disregarded as a disability related expenditure.

5.2.4 The Local Authority must adhere to the relevant provisions within the Care Act 2014 (sections 14 & 17), Statutory guidance for Care and Support 2014 (Chapter 8.38-8.48 and Annex C (Treatment of Income) and the Care and Support (Charging and Assessment of Resources) Regulations 2014 which provides a framework for the application of charging for care and support.

5.2.5 When undertaking a consultation, the Local Authority should have due regard to the public sector equality duties as referred to under Section 149 of the Equality Act 2010. It is advised that legal advice should continue to be sought if matters progress to consultation and thereafter.

Pretty Patel, Head of Law, Social Care & Safeguarding. 0116 454 1457

5.3 Climate Change and Carbon Reduction implications

5.3.1 There are no significant climate change implications associated with this report.

Aidan Davis, Sustainability Officer. 0116 454 2284

5.4 Equalities Implications

5.4.1 When making decisions, the Council must comply with the Public Sector Equality Duty (PSED) (Equality Act 2010) by paying due regard, when carrying out their functions, to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people who share a 'protected characteristic' and those who do not.

5.4.2 In doing so, the council must consider the possible impact on those who are likely to be affected by the recommendation and their protected characteristics.

5.4.3 Protected groups under the Equality Act 2010 are age, disability, gender re-assignment, pregnancy/maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation.

5.4.4 The report sets out proposals for changes to how disability benefits paid by the Department of Work and Pensions for Attendance Allowance and Disability Living Allowance - Care Component (now being replaced by Personal Independence Payments) are treated within the financial means test and that an administration charge is introduced for adults that use the Council's Appointeeship service, to manage their finances. The report is recommending that a formal consultation be approved on the proposals.

5.4.5 The proposal affects those who are claiming the higher rate of disability benefits and therefore the proposal impacts on those with the protected characteristic of disability. However, those affected will also be from across all protected characteristics and therefore work must be undertaken to establish whether there are any indirect impacts disproportionately affecting other

protected characteristic groups. To fully explore the likely impacts of the change across all protected characteristics, a full Equality Impact Assessment, using the corporate template, must be undertaken, taking into account the range of information included in the report, in addition to findings from consultation and engagement and any other relevant evidence. The consultation should seek to establish whether there would be any disproportionate negative impacts on protected characteristic groups and what the impacts would be specifically. Where there are disproportionate negative impacts for protected characteristic/s case mitigations to reduce or remove the impact should be identified and implemented.

- 5.4.6 It is important that the consultation is accessible and meaningful. It is also recommended that equality monitoring is undertaken as part of the consultation, in order that the equalities implications, including peoples' views with regards how the proposals are likely to affect them, can be fully explored by protected characteristics.

Surinder Singh, Equalities Officer. 0116 454 4148

- 5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

Not Applicable

6. **Background information and other papers:**
None
7. **Summary of appendices:**
Appendix A – Simplified Charging Calculation Examples
8. **Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?**
No
9. **Is this a “key decision”?**
No
10. **If a key decision, please explain reason:**
N/A - This report seeks a decision to consult, which is not considered key. The final decision on whether to introduce changes to the financial assessment and which may introduce a change or an increase in charge for people will be a key decision.

Examples of Charging Calculations (Simplified)

Example 1: An older single person receiving basic level benefits:

- State Retirement Pension of £156.20 per week;
- Pension Guarantee Credit element of Pension Credit of £44.85 (To bring income up to the appropriate standard Minimum Income Guarantee amount of £214.35);
- Attendance Allowance (High Rate - £101.75) per week;
- Disability Related Expenses total £7.50 per week.

		Current	Proposed
Allowances	State retirement pension	£156	£156
	Pension Credit	£45	£45
	Basic level of income support	£201	£201
	Minimum Income Guarantee (MIG)	£214	£214
	Allowable DRE	£10	£10
	Total allowances	£224	£224
Income	State retirement pension	£156	£156
	Pension Credit	£45	£45
	Attendance allowance	£68	£102
	Total relevant income	£269	£303
	Actual weekly charge (income minus allowances)		£45

Notes:

1. The individual's basic level of income = £201 per week.
2. The MIG calculation is Government defined to cover normal living expenses and some additional costs. This is currently £214.35 for a single person who has reached State Pension age.
3. DRE expenditure incurred of £7.50 is less than the current minimum allowance of £10. Therefore, the individual receives the minimum allowance of £10 in the financial assessment.
4. The resultant total allowances for the purpose of the financial assessment = £224
5. The individual's Attendance Allowance is disregarded to the lower rate under the current policy (£68.10). Under the proposals, the full amount of their allowance (higher rate) will be included in the financial assessment (£101.75).
6. Subject to the cost of the servicesⁱ that the individual receives, the individual's weekly charge will increase by up to the full amount of £34 (£33.65) in this example.

Example 2: A working age adult over the age of 25 in receipt of:

- Employment & Support - Personal Allowance of £84.80
- Employment & Support – Support Allowance of £44.70
- Enhanced Disability Premium of £19.55
- Disability Living Allowance - Care Component (High Rate - £101.75) per week;
- Disability Related Expenses total £36 per week.

		Current Proposed	
Allowances	Employment and support allowance	£149	£149
	MIG (125% of basic income support)	£186	£186
	Allowable DRE	£36	£36
	Total allowances	£222	£222
Income	Employment and support allowance	£149	£149
	Disability Living Allowance (Care Component)	£68	£102
	Total relevant income	£217	£251
Actual weekly charge (income minus allowances)		£0	£29

Notes:

1. The individual's basic level of income = £149 per week.
2. The MIG calculation is Government defined to cover normal living expenses and some additional costs.
3. The level of qualifying DRE expenditure incurred of £36 is higher than the current minimum standard allowance of £10. Therefore, the individual receives the full disregard of £36 in the financial assessment.
4. The resultant total allowances for the purpose of the financial assessment = £222
5. The individual's Disability Living Allowance is disregarded to the middle rate under the current policy (£68.10). Under the proposals, the full amount of their allowance (higher rate) will be included in the financial assessment (£101.75).
6. Subject to the cost of the services that the individual receives, the service user weekly charge will increase by up to £29 in this example. The proposed change to the DLA allowance would not be enough in itself to increase the service user charge by the full £34, due to their current income being less than their guaranteed income and allowances.

ⁱ Charges levied are never higher than the actual cost of the care provided by the Council

Adult Social Care Scrutiny Commission Report

An Overview of Direct Payments

Lead Member: Cllr Sarah Russell

Lead Strategic Director: Richard Sword

Director: Ruth Lake

Date: 25th January 2024

Wards Affected: All

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Version Control: V3

1. Purpose

- 1.1 To provide the Adult Social Care Scrutiny Commission with an overview of Direct Payments – their purpose, how they are delivered and the mechanisms in place to ensure that Direct Payments (DPs) are an effective and appropriate way to use Council resources to meet statutory adult social care needs.

2. Summary

- 2.1 Direct Payments were introduced by the Community Care (Direct Payments) Act 1996, giving Councils the power to offer cash payments to individuals who wished to make their own arrangements for their care and support. The Care Act 2014 now consolidates the legal right to request a DP and for Councils to offer them in appropriate circumstances.
- 2.2 DPs are available for those people who have been assessed as needing care and support from Adult Social Care (ASC) in line with the Care Act 2014, including carers. The value of a DP is determined by the needs / carers assessment, together with any contributions an individual may be asked to make towards the cost of their care. The DP given to the individual is usually paid net of their contribution.
- 2.3 DPs were introduced to offer flexibility, control and personal choice to people who wished to directly arrange their care and support. Over time, Councils and people drawing on support have developed systems that seek to achieve the original intention of DPs, whilst providing additional support for people who require this to manage a DP and at the same time enabling Councils to administer DPs efficiently, with sufficient audit controls on the use of public money. This can be an area of tension.
- 2.4 Leicester City Council was an early adopter of DPs and has one of the highest rates of DP take up in England, at around 45% of all people in receipt of community-based care and support.
- 2.5 Personal Health Budgets are the NHS version of a DP; initially available for people with continuing health care needs, the NHS Long Term Plan has set out ambitions to increase the use of Personal Health Budgets. People with complex health and care needs may receive both a DP and a personal health budget, to use in a flexible pooled fund.
- 2.6 In 2020-21, Leicester City Council worked with Think Local / Act Personal (TLAP) to co-produce a review of DP arrangements, as they approached

their 25th year. This resulted in a number of changes to process and to the presentation of the DP guidance and documentation. This was positively received by people drawing on support, carers and by staff. This work captured the learning from Covid, when flexibilities regarding the use of DPs were extended to address the unprecedented situations that people were experiencing regarding the provision of care. National disability groups have advocated strongly that this flexibility should remain.

3. Recommendations

3.1 The Adult Social Care Scrutiny Commission is recommended to:

- a) Note the report and to provide comment / feedback.

4. Report

4.1 Having set out the context as a summary, this report focuses on:

- The process of establishing DPs as a way to meet care and support needs
- Contracted support
- The benefits that DPs can achieve for individuals and councils
- The challenges that can be experienced in DP arrangements, for individuals and councils and providers
- Future developments of DPs in Leicester

The process

4.2 DPs are essentially a 'cash' payment to an individual that is sufficient to enable them to make their own arrangements for care and support in the community, in line with an assessment of eligible need. DPs are not available for residential / nursing care costs.

4.3 Following a strengths-based assessment, if a DP is agreed as a suitable way to arrange support, the Council and the DP recipient enter into a DP contract. This sets out the value, the obligations of the recipient in spending money to meet assessed outcomes and the responsibilities of the Council.

4.4 To support people with different aspects of DP administration, the Council contracts with Direct Payment Support Services via a framework contract. These providers assist people receiving DPs to manage their DP fund, to pay local agencies or to become employers, of personal assistants. There is no charge to the individual for support from a Direct Payment Support Service.

4.5 The Council widely uses DP pre-payment cards as the delivery mechanism, where people do not use a DP Support Service; the DP value is uploaded on to a bank card, allowing the individual to spend their DP and giving the

Council direct oversight of the transactions made. Cash withdrawals are permitted within set parameters. Should a pre-payment card not be suitable for an individual, payments into specifically designated DP bank accounts can be made. Individuals will be required to submit receipts / statements to evidence their spend. It has been ruled in case law that councils must not fetter individual choice on how their DP is paid.

4.6 The Council sets hourly or unit rates for direct payments, for services such as domiciliary care from an agency, for a Personal Assistant or for a day service. Rates are increased each year at an amount set by the Leicester City Council in line with inflationary increase and this is known as a DP uplift. In agreed exceptional situations, a DP value may exceed the set hourly / unit rate, for example where a specialist skill set for a personal assistant is required.

4.7 DPs may be used for a wide variety of support or services. There is no definitive list of what a DP can be used for. The Council does set out, in guidance, what a DP cannot be used for, including food or alcohol, household bills, gambling, items that should be provided by the NHS – or anything not connected to meeting agreed outcomes in a support plan.

4.8 The Council's financial operations team monitors the use of DPs, via the pre-payment card functionality or by requesting evidence of spend. Where there are concerns about the use of a DP, this is investigated by the social work team, to establish whether spend is meeting outcomes or being used for other purposes. Unspent DPs will be taken back by the Council.

4.9 The Council can refuse to offer a DP, where this is justifiable due to risk – for example, from misuse or where a DP may put someone into a vulnerable position regarding financial abuse. DPs can be withdrawn, where it is identified that this is not a suitable arrangement, for example where people do not make their personal contribution, accruing debt with a provider of support.

4.10 In exceptional circumstances, DPs can be used to pay for care from someone who is a household / family member. This was one of the flexibilities that was expanded during Covid, where people were anxious about having different people entering their home.

Contracted Support

4.11 A new Direct Payment Support Service contract commenced in October 2022, with three providers. They are:

- Mosaic: Shaping Disability Services
- Purple Zest
- Rosekel

4.12 Of those using the 3 Direct Payment Support Service providers, domiciliary care is the most used type of service, followed by support to arrange community opportunities and supported living services.

4.13 For those being assisted by a Direct Payment Support Service, a managed account (broad support to set up and administer a DP) is the most prominent support type across three Providers, with payroll and employment support also an important offer.

4.14 An issue reported by all 3 providers is the non-payment of contributions by the person in receipt of a DP. This has the potential to result in a shortfall in the fund held to pay personal assistants or agency providers and can result in market fragility for some very small providers. The current total outstanding debt at the end of Oct 2023 is £134,063.24. To address this, officers have developed a flowchart, which clearly outlines the course of action that must be taken if a person fails to make their contributions and is thus in breach of the terms and conditions of the DP contract they made with the council. This has been positive in reducing the total outstanding debt since the introduction of the formal flowchart process.

The Benefits of DPs

4.15 DP take up is cited as a measurement of a Council's success in enabling choice and control for people in receipt of support / carers. With Leicester's figure of 45.4% (2022/23), we are in the top quartile of Councils (ranked 2/151 in 2021/22 benchmarking). 100% of carers who receive direct council support do so via a DP, and we ranked 1/151 (2021/22 benchmarking). This rate has reduced since a high of 50.9% in 2017/18, the reasons for which are multifactorial but described below (see challenges).

4.16 In theory, DPs reduce the process burden for Councils in managing people's care and support via commissioned services and provider oversight. Where they work best, the individual is self-sufficient and in control of their arrangements, allowing for rapid changes, flexibility of timing, the nature of support and the people who provide the support.

4.17 DPs offer the opportunity to draw in support that may not be readily available from a contracted provider market – such as support in specific languages, or able to meet important cultural needs. Leicester City Council participated in a year-long study with IMPACT to explore the experience of people from Black and Minority Ethnic communities who used DPs. It was a very limited sample of individuals, but this work identified positives in terms of choice, coupled with perceptions of a limited contracted market. The research has been published here. [Direct Payments in 2022 - IMPACT \(bham.ac.uk\)](https://www.bham.ac.uk/impact/direct-payments-in-2022/)

4.18 The review undertaken with TLAP fundamentally reworked the relationship that people using DPs had with the Council, through co-production. A DP working group continues to meet regularly. The project also led to a refresh

of ASC's approach to reviews, as these were cited as a period of anxiety for people. The feedback was positive, after an initially challenging period of hearing what people had to say about their experiences. The work has been nationally recognised for its practical, tangible impact. [Making everyday co-production real - Blogs & Articles - Think Local Act Personal](#)

"[LCC ASC] are able to pin down and demonstrate specific incremental and more strategic changes that have been co-produced with people leading to better outcomes and as a result lives. We think this is especially valuable not only to the people who receive care and support but to the workforce."
Martin Walker, TLAP

The Challenges of Direct Payments

- 4.19 One of the most significant challenges is the balancing of interests, between people who are looking for self- management away from council control and for councils who are concerned about the use of public money.
- 4.20 People using DPs have described the bureaucracy of meeting the audit expectations of councils as 'the price of disability'. Whilst the number of people who abuse a DP system is very low, the misuse of public resources is a legitimate worry for councils and where this is coupled with low corporate understanding of the benefits of DPs, it can lead to a position of conflict or tension, between ASC, finance functions and people using DPs. There are also concerns regarding the safety of people using DPs, who may experience abuse, or low-quality support, that a council is less sighted on.
- 4.21 The review in Leicester supported a shared understanding of our DP ambition and the impact of financial processes on people. That said, there remain areas of improvement to work through.
- 4.22 There are limited resources or mechanisms by which to assess the quality of DP providers, where they do not have any contractual relationship with the Council. This has resulted in difficulties managing safeguarding concerns, where the Council has no contractual levers to use regarding quality.
- 4.23 There is a balance to be struck in asking people for the specific details of their support arrangements (such as PA details) and enabling independence. It is more difficult to have oversight of care quality or risks, for example who else a personal assistant may be providing care to, when concerns do arise about an individual situation.
- 4.24 DP levels have reduced nationally over the last few years. It is not specifically understood why this has happened. Some disability organisations have questioned whether the constrained financial position of Councils has led to a growing reluctance to offer DPs, where financial

control and oversight is less direct. Under investment in DP support services is also cited as a reason why people may not feel able to manage a DP. Whilst neither of these factors are local issues, it is the case that ASC is more confident in ceasing a DP where this is not managed in line with the Council's contractual expectations or where debt is accruing, impacting on the sustainability of the provider market.

- 4.25 It is of note that there are some exceptional situations where a DP is the only mechanism by which the Council can discharge its duties under the Care Act, as no provider can be found to work with an individual who behaves in ways that are challenging to the provision of care. In these situations, the principles of choice, control and reduced Council involvement are diminished, as the Council is generally actively involved in sustaining a DP arrangement in the absence of any other option.

Future Developments

- 4.26 Given the benefits and challenges, work in relation to the local use of DPs is ongoing. The DP Working Group developed from the review in 2020/1, meets monthly to support this work.
- 4.27 It has recommended the creation of a DP 'approved provider' list and is developing a due diligence checklist for the Direct Payment Support Services providers to use when arranging care with non-contracted providers.
- 4.28 Mechanisms to protect individuals and the Council, where a person chooses to use someone who has not been checked via an approved provider list, are in discussion.
- 4.29 Oversight of the achievement of outcomes via a DP is largely managed via the social work review process. Given the challenges regarding overdue reviews, this is recognised as an area of risk and was noted in the Council's audit programme. A dashboard now allows ASC to see, at a glance, the outstanding overdue reviews by each service area and a risk matrix is being tested, to enable the prioritisation of DP reviews.
- 4.30 A workshop with DP recipients and representatives from Finance, Contract and Assurance Service and Operational Teams took place recently, to update the Direct Payment guidance and to add a frequently asked questions (FAQ) section.

5.1 Finance

5.1.1 There are no direct financial implications arising from this update. For information, £43m was spent in 2022/23 on care packages set up as direct payments, with three quarters of this amount for working age adults.

Martin Judson, Head of Finance

5.2 Legal

Making Direct Payments is consistent with the Council's statutory obligations under the Care Act 2014 and Mental Health Act 1983 as well as associated statutory instruments. The contents of this report are all in line with those statutory obligations.

As per the non-contribution process set out within the report, PAs/others will be required to chase debts through courts. The Council should therefore ensure that the person managing their own Direct Payments has the mental capacity to do so, before agreeing to make the same.

Mark Kamlow, Principal Lawyer, Social Care & Safeguarding Tel: 0116 454 1457

5.3 Equalities Implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The report provides an update to the Commission on the overview of Direct Payments within the Council. The take up of direct payments should impact positively on people from across a range of protected characteristics, as they enable them to have services that meet their specific needs/requirements, such as culturally specific services. The continued use of direct payments will ensure that individuals needs/outcomes are met as appropriate.

Surinder Singh
Equalities Officer
Tel 37 4148

5.4 Climate emergency implications

There are no significant climate emergency implications directly associated with this report.

Aidan Davis, Sustainability Officer, Ext 37 2284

6. Appendices

None

7. Background Papers

None

8. Is this a Key Decision - No

Report to the Adult Social Care Scrutiny Commission

Hasting Road Day Centre Update

Lead Director: Kate Galoppi

Useful Information:

- Ward(s) affected: Charnwood
- Author: Kate Galoppi
- Author contact details Ext 2373

1. Summary

1.1 This report provides an indicative timetable for the actions needed to support people attending Hastings Road Day Centre for people with profound and multiple learning disabilities that is due to be closed. See **Appendix 1**.

1.2 **Appendix 2** provides an anonymised summary of the progress of individual people to move to alternative provision.

1.3 The information details progress of where people are in the process of being allocated a social worker and where progress of the review has commenced.

1.4 In every case the Council offers the support of a social worker to work closely with the person, family, and carer to ensure the person is supported during this process and needs continue to be met.

Appendix 1. Indicative Timetable for the closure of Hastings Road Day Centre Activity	Task Own	Due Date
Produce information for people and families on how they will be supported through change.	ML	Complete
Hold staff meeting to enable all staff to fully understand the above with support from HR	OO/MM	Complete
Allocate people to social workers so that officers can start to work and support people and their families	JT	Complete
Work underway with Health looking at alternative provision for 6 people attending the Day Centre.	H/PM	Complete
4 of the care providers on the framework (IBC, Pathfinders, FTM dance and Mosaic) are organising taster days/open days for people and their family/carer to attend which will be supported by staff at the day centre.	RH/PM	Complete
Changes in the training offer by LPT for health competencies – need to ensure that Enteral training and Epilepsy awareness and Rescue medication training is completed and in date for new providers.	LK/RH	ASAP
Decommissioning plan is underway for handover of equipment and building	LK/PMC	23.2.24
Lessons learnt log to be completed as part of the decommissioning	LK	23.2.24
Leadership paper being taken to LMB to make decision on the future of the building	ML	8.1.24

REPROVISION PROGRESS – Report to ASC Scrutiny

DATE: 16 January 2024

Key: Moving Plan

Step 1	Social Worker identified
Step 2	Contact with people to commence discussion
Step 3	Review in progress
Step 4	Review process completed
Step 5	Start date agreed for new provision
Step 6	Follow up as part of review

Attendee NO	STATUS	STEP ON MOVING PLAN	NOTES AND TARGET MOVING DATE
1	Attendee (ASC)	3	Family have viewed options review arranged TBC
2	Attendee (ASC)	3	Family have viewed options review arranged TBC
3	Attendee (ASC)	4	Service identified, review completed, person on holiday until March 2024.
4	Attendee (ASC)	4	Review complete start date TBC
5	Attendee (ASC)	6	Transition ends 19.1.24
6	Attendee (ASC)	6	Transition ends 26.1.24
7	Attendee (ASC)	6	Completed transition
8	Attendee (ASC)	3	Family have viewed options – review arranged TBC
9	Attendee (ASC)	6	Transition ends 12.1.24
10	Attendee (ASC)	4	Service identified – review arranged
11	Attendee (ASC)	6	Transition ends 19.1.24
12	Attendee (ASC)	4	End date to be confirmed
13	Attendee (ASC)	4	Service identified end date TBC
14	Attendee (ASC)	6	completed
15	Attendee (Health)	6	Transition ends 19.1.24
16	Attendee (Health)	6	Completed transition
17	Attendee (Health)	6	Transition ends 19.1.24
18	Attendee (Health)	6	Transition ends 13.1.24

Summary – 3 people have now left, 4 people have planned end date, 8 people in transition, 3 people still undecided= 18

Adult Social Care Scrutiny Commission Report

Response to the Adult Social Care Scrutiny Commission
Task Group – Understanding the increasing cost of care
packages within Adult Social Care budgetary pressures

Date: 25 January 2024

Lead Director: Kate Galoppi

Lead member: Cllr Sarah Russell

- Report author: Kate Galoppi
- Author contact details: Kate.galoppi@leicester.gov.uk / 0116 454 2373

- Report version number: 1

1. Purpose

- 1.1 In 2021/22 the Adult Social Care Scrutiny Committee formed a taskforce to seek to understand the increasing cost of care packages within Adult Social Care budgetary pressures.

- 1.2 The final report and recommendations were presented to the Executive in March 2023, attached as appendix 1. This report provides a response to the recommendations set out by the Taskforce.

2. Summary

- 2.1 In January 2021, members of the Adult Social Care Scrutiny Commission raised their concerns over the increase in care package costs of £12.5 million in a single year. A task group was formed in June 2021 to conduct a review into 'Cost of Care and impacts on budgets.' The task group explored what drives increasing cost of care services; the impacts on budget pressures, and ways of managing the impact on people drawing on care.

- 2.2 The Task review group concluded its review and presented its final report with recommendations in March 2023. The final report is detailed at Appendix 1.

- 2.3 Adult Social Care faces both increasing financial challenge alongside increasing demand. We welcome the report completed by the Adult Social Care Task Group members and the opportunity to comment on the recommendations that set out potential solutions to these critical issues. This report provides a response to the recommendations made by the Task Group, and includes further opportunities that have since been identified through the Departments work on the Reforms, and notably our Fair Cost of Care and Market Sustainability Plan.

3. Recommendations

3.1 The Executive is recommended to:

- a) Note the content of this report and provide comment/feedback.

4. Report

4.1 Further to the detailed work of the Task Review Group to understand the increasing cost of care packages and the impact on Adult Social Care budgets a final report with recommendations was presented to The Executive in March 2023. The report made several recommendations. The following is a response to these.

1. *Although members noted that the £1.9 million reduction in expenditure in the budget was not as a result for taking away services but ensuring that we are not providing people with care services that they did not require, they were concerned that people could lose services they valued as a result.*

Recommendation: Task group members also raised concerns that the £1.9 million savings quoted by officers would only be possible if the council adequately resourced carrying out reviews – i.e.: spending money on staff time for carrying out these reviews was in place immediately, otherwise the council inevitably will be in the same situation next year (the task group were aware that over 40% were overdue and had not been reviewed in the last 12 months). If the local authority does not prioritise getting on top of the reviewing process, the situation will only worsen and any potential for savings will be lost.

According to the results of the ADASS Spring survey, 2022, nationally there are an estimated 540,000 people waiting for assessments, care, direct payments, or adult social care reviews – an increase of 37% since November 2021: with the number of people waiting more than 12 months for a Care Act review being up 3%. The number of people in Leicester who have not been had their package of care reviewed for at least 24 months since their last review has increased markedly to a level in March of 1,320,

which is the highest figure on record. The number of overdue (24 month+) reviews has increased by over 40% in the last 12 months alone and over 50% since April 2020, when the number was 352. This means that this February just short of one in four people drawing on our support have not had that support reviewed for at least twice as long as stipulated in the Care Act. The position has been compounded by staff vacancies and recovery from the pandemic.

The Department has embarked on several actions to address the backlog. This is a hybrid approach bring together increased staffing resource to address the backlog, as well as the commencement of work with the external market in the form of a trusted assessor's pilot to further expedite reviews. Preparation for Social Care Reforms, and a move to digital first provides opportunity to manage this further.

Through additional non-recurrent NHS resources, staff capacity will be increased by 12 FTE posts to support with pressures in completing reviews. This is of equal benefit to the NHS in releasing domiciliary care capacity that is then available to support discharges from hospital. Staff are now mainly in post, although recruitment has been a challenge.

To further address the backlog, and in recognition that despite increased resources there is limited internal capacity to address this in its entirety, a pilot approach using externally contracted providers commenced October 2022. The pilot worked with a selected small number of domiciliary care providers to review and reduce packages of care for people they support; enabling people to exercise more choice and control over their package of care, working with people who know them well as well as building capacity for providers to take on more packages of care. The advantage of this approach is changes can be made without the need to confirm them with staff in social work teams. This will enable quicker identification of packages for reduction, delivering an efficient approach to reviews, and potentially enabling reductions in total package costs. Several safeguards are built into the pilot process to ensure packages are not inappropriately reduced, and the delivery is monitored by the Contracts and Assurance Team. The pilot is now extended to Care Homes. Learning from the pilots will support recommendations for future arrangements.

As we prepare for Reform, despite the recent delay to the introduction of the Cap on Care, The Department has set out a Programme of work required to ensure our readiness. This includes a digital approach to working with people. The Department is re-launching its online customer portal which will

provide an opportunity for self-assessment, as such release the staffing burden and support capacity for reviews.

The Departments priorities for the year (23/24) include ensuring these actions and other opportunities are brought together in a robust plan to continue to address and reduce the backlog.

2. *Members noted that the additional cost of care packages in 2023/24 would further increase by an alarming £42 million. The task group review considered the cost of domiciliary care and it was asserted that this appeared to show that these were paying for private profits. However, the task group felt unable to see a sufficient amount of finances or accounts from any of these multiple care providers, in spite of numerous requests. The task group was assured that officers did check the financial viability of companies as part of the due diligence process but (because of reasons of confidentiality) was unable to find adequate reassurance that care companies were not making undue levels of profits for the care they delivered. **Recommendation: to better understand care providers financial structures and management for transparency, scrutiny and assurance.***

Of the 94 registered Care Homes in the city, just 12 are part of organisations that are of a size that meet the criteria for inclusion in the CQC's national financial oversight regime - 6 are registered to provide care for Older People and 6 have a primary registration to provide services for people aged 18 – 65 with either needs in relation to learning disabilities or mental health. In addition, the makeup of the domiciliary care market is dominated by a significant number of small to medium size providers whereby under Companies House requirements they are not required to submit full accounts – in that there is no trading Profit & Loss account to allow us to review their detailed operating costs. However, the limited financial information that is filed does give an indication of financial viability based on net worth and an indication of the entity's assets and liabilities. In addition, under the terms of our contract we have powers to request a level of financial information to satisfy ourselves that the entity remains viable.

As noted by the review our procurement process entails financial due diligence. A pricing envelope is set that is issued with tender opportunities and is based on the underlying components of an hourly rate for the provision of care. This covers employee wages, other employment on-costs, administrative overheads, and an element of profit in the form of a return on operations.

The financial ceiling for such a pricing envelope is set and controlled by the Council and tendered bids for work cannot exceed this fee threshold. In subsequent years following contract award, any annual price increase to be applied to fee rates for inflation is again set and controlled by the authority in

line with known cost pressures and within cash limits set for the ASC department.

Under the Care Act reforms, all local authorities have been required to conduct a 'Fair Cost of care' exercise for older persons residential and nursing homes, and domiciliary care for over 18s. This work was required to determine sustainable fee rates as part of the government's 'Market Sustainability and Fair Cost of Care Fund', to understand the real cost of care, and to be able to access Govt Market Sustainability funds. As such, the provider market has been extensively surveyed by an external specialist organization, Care Analytics to gather the necessary detailed analysis of costs of delivering care in our local market. This has produced a median cost of care for these markets (table 1).

Of note, the median costs against each of the markets is higher than the current commissioned fee rates – such that to meet the median would increase costs by £6.8m, rising to £9.4m when considering the wider supported living and Working age adults Care home markets. Both costs exceed the allocation that the Local Authority will receive through the Market sustainability fund in 23/24 (£3.685m); the information has supported the setting of fee rates for 23/24 and will support setting of fees for the forthcoming procurement of the domiciliary care framework. We will also have extensive benchmarking information available on the costs of these services across the wider East Midlands region.

Table 1: Cost of Care Median Rates, compared to current actual rates

	Median FCoC* per bed/week	Current LCC per bed/week	% Diff
65+ Residential	£691	£594	16.3%
65+ Residential enhanced	£736	£671	9.7%
65+ Nursing	£754	£634	19.0%
65+ Nursing enhanced	£802	£682	17.6%
Homecare 18+	£18.62	£17.87	4.19%
* For residential - adjusted for ROCE			

N.B Data captured at time of writing reflects fee rates 22/23

In summary, whilst due to the makeup of the market our ability to use external financial oversight is limited, there are controls built into the procurement process to prevent providers building in huge profit margins that would increase package costs. The Fair Cost of Care Exercise has

indicated that our current fee levels are not such that there are huge profit margins for providers, given that the actual costs of care (the median rate) have come out higher than our current costs. We will use this exercise to inform future fee setting, but the pace at which we adopt the rates will be determined by the settlement from Govt. We continue to require through our contractual arrangements with providers, sharing of financial information when requested.

3. *As Leicester City has no provision in house (except for £1m of reablement service), we have to rely too heavily on 'the market', which exists to make profit. It was noted that it was perfectly legal for LAs to provide services in-house, with Derbyshire having a substantial in-house service. Members were interested in which parts of the service area could be delivered in house and have requested a report on this at scrutiny meetings.*

Recommendation: that a holistic review of what services are delivered in house by other LAs is undertaken, with a view to reconsidering what LCC can do to bring more of this provision back into council ownership. This would allow us more control of pricing, quality, continuity and terms / conditions that carers are offered at work.

The commissioning team has undertaken an initial scoping exercise with the other authorities in the region about the extent and scope of their in-house services (table 2) and has made direct contact with Derbyshire to learn from their own provision. In our own experience of considering in-house as an option, because the terms and conditions of the Council are generally more favorable than the independent sector, this results in higher hourly costs for us to deliver the service ourselves. For example, in 201/22 the hourly rate for Domiciliary Care in the external market was £17.87, compared to £35.72 for in our in-house reablement service. Despite this the commission should be reassured that whenever we are commissioning services we do consider in-house as an option and a through appraisal of the benefits and risks would be considered. For instance, the domiciliary care contracts are under review currently, with new arrangements to be secured in 2024, and options to be identified; this will include an in-house option for review and consideration.

Table 2: In house provision in East Midlands

Services provided in-house	Reablement/Crisis response	Home Care	Shared Lives	Care Homes	Day care	Supported Living	Short breaks/respite
Rutland	✓					✓ 2 supported living bungalow	

						ws (12 beds) for 18+-- end of life	
North Northants	✓		✓		✓		✓
West Northants			✓	✓ OP res & nursing	✓ WAA	✓	
Nottinghamshire	✓				✓		✓
Leicestershire	✓		✓			✓ LD	✓ LD
Leicester	✓		✓		✓ (1 unit LD/A)		
Nottingham City	✓		✓	✓	✓		✓ physical needs and learning disability
Derbyshire	✓	✓ in Extra Care only	✓	✓ OP&LD	✓ OP&LD		✓ LD
Derby City	✓		✓				
Lincolnshire					✓ small amount LD		

4. The government recently announced (September 2021) that there will be a new lifetime cap on care costs of £86k and an increase to the upper capital limit (from £23,250 to £100k). This will mean that Local Authorities will have to fund a greater share of care costs currently paid for by individuals. In addition, the council and supply chain (including providers) will have to pay additional employer National Insurance Contributions of 1.25% from April 2022. Whilst a reduction in the financial burden on individuals, the

government has not yet announced any additional funding to tackle existing and growing funding gaps in Adult Social Care. **RECOMMENDATION: The council to write to the government to highlight the rising and unsustainable costs of Adult Social Care. Whilst recognising the government has provided pandemic related support, the support is nowhere near sufficient to meet the ongoing costs and underlying pressures faced by Adult Social Care. The Council needs immediate on-going funding to meet these challenges and to continue to support the most vulnerable in society**

Under the care act reforms, local authorities are required to review the fee rates paid to their domiciliary care market (and 65+ residential care market) for commissioned care with a view to setting sustainable fee rates. The particular DHSC reform agenda is called the 'Market Sustainability and Fair Cost of Care Fund'. Under this fund government have committed to providing a further £1.4bln nationally over the 3-year period 2022/23 to 2045/25. Leicester City received £1m of additional funding in the current year (2022/23) from the £162m made available nationally on the existing adult social care relative needs formula; for 23/24 we will receive £3.685m which will be used to support fee rates. As already noted, the median rates set out in table 1 increase the current costs by £6.8m, rising to £9.4m when considering the wider supported living and Working age adults Care home markets, hence the allocation is not sufficient to address this gap,

Government has now paused the lifetime cap on care costs and have redacted the legislation supporting the 1.25% levy under national insurance to fund the Health and Social Care reforms. We await any further announcements on what that might mean for the reform agenda.

5. On top of this, we all also know that care often feels simply not good enough. People value support from the same people who they know and trust. People value receiving care at times that work for them around their other routines. People value carers taking time to engage with them as they look after them. Carers do not have enough time, and we do not have enough carers. We know that those working within our care sector are woefully underpaid, undervalued and often disrespected. A previous scrutiny review that I chaired before the pandemic highlighted that in the next few years, we will need to recruit 1.5 times the existing workforce in order to sustain the current system of care. We face a perfect storm of more people needing more care, people leaving the workforce and poor rates of recruitment and retention. **RECOMMENDATION: Heed is paid to the previous scrutiny review undertaken in this area 'Looking to the Future: the workforce in adult social care', and the recommendations therein.**

The Department is progressing the development of a workforce strategy that will outline proposed actions to address the issues raised here. This will be shared with the Scrutiny commission.

6. The commission saw evidence that some providers were pricing low to start with for certain package of care that would then increase significantly year on year. **RECOMMENDATION: That officers review this thoroughly across the board to ensure that they are not beholden to care providers inflating costs unnecessarily.**

All pricing of commissioned packages of care are controlled through the initial price envelopes which are set by the Council at the tender stage of the procurement process. A provider price would firstly have to meet the required price controls of the procurement and any subsequent price increase is also controlled by the Council through the annual inflationary review of price conducted as part of the ASC departmental budget exercise.

Reviews of packages or placements are completed by social work staff, on a planned basis or in response to a reported change in circumstances. Increases in cost are linked to evidence of increases in need. This is either via the commissioning of additional care hours (at the contracted rate) or agreement to make additional needs payments where people are in residential / nursing placements, to provide staff time about that which would reasonably be expected from the Council's banded rate. Discussions with other councils, about their approach to reviews requested for increasing need, have identified the potential for an increased role in reviews from the internal provider service (reablement) and therapy staff. A 'proof of concept' will be developed to test the impact of this locally, although noting the difficulties recruiting to OT posts.

Despite the above our analysis for the Fair cost of care has identified significant growth in care packages for domiciliary care: in 2021/22 139,734 hours of care were delivered by contracted providers, an increase of more than 70% since 2018. In addition, we are aware of several high-cost packages for individuals.

With regards to the growth in care packages, as part of our market sustainability work we are doing further interrogation of the data, and embarking on a series of investigations to understand what is contributing to this growth and how we can manage the upward trend. With regards to the high-cost placements, a pilot team is about to commence with a remit to target providers – most notably residential, where high-cost packages are in place, and determine the necessity and value for money of such placements.

In addition, through the Fair Cost of Care analysis we have identified that our funding contributions from health through funded nursing care, and continuing health care, are the lowest in the country which does not reflect

the health profile of the city. This is an area of investigation, which will not reduce package costs, but could see the funding split change in favour to the Council.

7. Technological innovation has the potential both to improve care in domiciliary settings (for example tech could reduce double-handed carers to one in some cases) and in residential care settings. Members were impressed with a recent presentation at Adult Social Care Scrutiny Commission meeting, which showcased carer aids and gadgets, equipment and new technology. **RECOMMENDATION: Members agreed that the council should continue the good work and to further explore the use of technology enabled care, as this may help to contain the costs of care.**

The Department has in place an All-Age Care Technology Strategy. The priorities of the strategy are to raise awareness to ensure staff are well appraised of the options available in supporting people; and to make it easier for people (staff, people who draw on support, and carers) to know what TEC is available and how to access it.

There are currently 3 main workstreams being delivered supporting implementation of the strategy:

1. A Co-Bot pilot (robots that can support care staff to deliver tasks with potential to reduce the need for double up calls enabling one person to safely do the work)
2. Research and Forward Planning - Focused on identifying opportunities to pilot different technology.
3. Action and Change – Focused on improvements to the service and culture change to encourage staff to embrace TEC

Recent ASC support sequence training delivered to all staff as part of the strength-based working embedded the use of TEC, and the importance for staff to consider TEC to support independence before exploring traditional packages of care. TEC costs are often one-off and provide items that mean people can retain elements (or full) independence without ongoing costs. The TEC Oversight Group have not yet begun any work with Carers or with those persons with SEND (Special Educational Needs and Disabilities), working initially on upskilling staff in ASC, focusing on enhancing understanding and awareness of TEC and upskilling ASC teams, whilst delivering the Co-Bot pilot. The work that has been delivered should, if successful, improve people's quality of life through enhancing independence and making cost savings to the council through reducing ongoing costs and reducing double handed calls.

The TEC Oversight Group have:

1. Led on the piloting of the Co-Bots in Reablement and ICRS Services (use of Co-bots can reduce or prevent need for 2 x carer support “reduce double ups”).
2. Developed an in-house app library, encouraging Social Care Teams to be aware of apps and online service that can support the wellbeing of people (improved wellbeing, and self-managing health conditions can prevent people reaching crisis and are free to use in most cases)
3. Created training to support Social Care Teams’ knowledge of the in-house offer (a culture of providing TEC before traditional packages of care can improve independence and reduce cost)
4. Identified opportunities to pilot different types of technology, based on existing issues/ problems

The TEC Oversight Group aim to continue identifying ways to improve the culture around technology by refreshing guidance and policies for Adult Social Work Teams; whilst exploring what improvements can be made to the delivery of in-house services.

5.0 Summary and Conclusions

5.1 Adult Social Care is pleased to receive the report into the rising costs of care against budgetary pressures, and welcome the recommendations set out.

5.2 We accept that overdue reviews need addressing, the report sets out the plans in place to improve this – without which we will have limited control on the rising costs of care packages as described by the Taskforce

5.3 Whilst we acknowledge that there are limitations in financial oversight due to the makeup of the market, and the associated regulations governing this, the report sets out the measures in place through procurement and care management assessment and reviews to control price.

5.4 That said, ASC do not dispute that rising cost of care is an issue. Further to the Taskforce review the Council has gained greater insight through its fair cost of care work that illustrates the costs pressures, but also provides intelligence for further consideration into growth of packages, and lack of health funding. The Market sustainability plan for home care and residential care sets out plans to further interrogate this information, and build a plan of work to address the findings, managing demand and further cost increases.

5.5 Finally, it is absolutely correct that the role of workforce and technology has a key part to play in managing demand, and supporting quality support

for people needing care. As described, the Department is progressing a workforce strategy which will be presented to the Commission for review, and the technology strategy is set out in this paper.

6. Financial, legal, and other implications

6.1 Financial implications

There are no financial implications other than those that have been raised directly in the report.

Martin Judson, Head of Finance

6.2 Legal implications

There are no legal implications arising directly from the recommendation to note and comment on the contents of this report.

Further recommendations which may arise from the Executive's comments should be discussed with Legal Services, as changes to services may require consultation with service users, compliance with procurement rules and/or the variation or application of existing contracts.

Annie Moy, Qualified Lawyer, ext 6669

6.3 Climate Change and Carbon Reduction implications

There are no significant climate emergency implications directly associated with this report.

Aidan Davis, Sustainability Officer, Ext 37 2284

6.4 Equalities Implications

This report provides a response to the recommendations set out by the Taskforce that may impact people from a range of protected characteristics as defined by the Equality Act in relation to the cost of care. Recommendation responses made in the report along with further areas identified through the Departments work on the Reforms, have highlighted areas of work to be progressed and consideration needs to be given to the equality impacts of these and the need to give due regard to how it will affect people who share a protected characteristic.

This should include reviewing any Equality Impact Assessments(EIAs) that have already taken place for specific policy/strategy/work areas or carrying out EIAs for any new

policy/strategy/work areas as identified in the report, for example an EIA is underway on the development of the online customer portal and this will be updated as the project progresses and mitigating actions put into place as appropriate.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

Sukhi Biring, Equalities Officer, 454 4175

Adult Social Care Scrutiny Committee

Work Programme 2023 – 2024

Meeting Date	Item	Recommendations / Actions	Progress
18 July 2023	Introduction to ASC	Items to be added to work programme: - future of domiciliary care - self assessment ahead of CQC inspection - quality of care provision - transition from children to adult social care - growing needs for autism - workforce (possibly at OSC)	Items added to work programme. Future of domiciliary care, self assessment and quality of care items listed for 24 August meeting. Transition from children to ASC and growing needs for autism suggested to be taken at same meeting – added on work programme. Workforce to be discussed at joint ASC and Public Health and Health Integration on 30 November.
	Hastings Road Day Centre	Call-In withdrawn.	

<p>5 October 2023</p>	<p>Hastings Road Day Centre Update</p> <p>Adult Social Care Improvement Journey</p> <p>Adult Social Care Performance</p> <p>Work Programme</p> <p>AOB</p>	<p>The Commission requested to be kept informed via an anonymised report on the progress of attendee transition to alternative provision.</p> <p>The Commission requested to be kept updated on the CQC assessment as appropriate.</p> <p>The Commission requested comparable data on workforce sickness at a national and regional level and asked if there are issues with recruitment and retention if there are any trends of why people may leave roles and any incentives to recruit.</p> <p>The Commission requested data on male carers.</p> <p>The Commission requested a metric to be provided to monitor performance of average number of people waiting to be discharged from hospital to social care and length of wait.</p> <p>The Commission requested that direct payments and reviews be listed for meetings in the New Year.</p> <p>The Commission requested information to be shared in writing in relation to the financial impact of the Authority reducing the allowance made in the rates paid for home care for the provider to make a surplus.</p> <p>The Commission requested an update be provided following the consultation on the Charing Policy and before any decision.</p>	<p>Listed on the work programme for regular updates to be provided.</p> <p>Listed on the work programme to be allocated to date when further information is known.</p> <p>Officers noted the requests from members in relation to the workforce and will be incorporated in a report on the topic at the next meeting.</p> <p>A metric has been created and will be used for performance reporting to the Commission moving forward.</p> <p>Listed on the work programme.</p> <p>Information shared with Members of the Commission.</p> <p>Added to the work programme.</p>
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Meeting Date	Item	Recommendations / Actions	Progress
	<p>Drug & Alcohol Services</p> <p>Dementia Strategy</p>	<p>Consideration to be given on evaluating the No 5 Wet Centre.</p> <p>Drink and Drugs News Article referenced in the presentation to be circulated to members.</p> <p>The Commission noted the report.</p>	<p>Officers reviewing.</p> <p>Article circulated.</p>
25 January 2024	<p>Draft General Fund Budget & Capital Programme 2024/25</p> <p>Charging Policy</p> <p>Direct Payments</p> <p>Hastings Road Update</p> <p>Response to the Adult Social Care Scrutiny Commission Task Group – Understanding the increasing cost of care packages within Adult Social Care budgetary pressures</p>		

Meeting Date	Item	Recommendations / Actions	Progress
7 March 2024	<p><i>Suggested items tbc:</i></p> <p>Charging Policy</p> <p>Care Package Reviews</p> <p>Growing Needs of Autism</p> <p>Carers Update</p> <p>Hastings Road Update</p>		

Forward Plan Items (suggested)

Topic	Detail	Proposed Date
Death by Suicide	Agreed at the Joint Adult Social Care and Public Health and Health Integration Meeting on 30 November that the item be listed on the work programme.	
Workforce	Agreed at the Joint Adult Social Care and Public Health and Health Integration Meeting on 30 November that the item remain on the work programme and there be particular tracking of apprentices.	
Drug & Alcohol Services	Agreed at the Joint Adult Social Care and Public Health and Health Integration Meeting on 30 November that the item remain on the work programme.	
Enablement Service	Commission to be provided a briefing note on proposed savings.	

Customer Services – ASC Enquiries	Commission to be updated specifically on ASC call handling following report at OSC.	
Cost of living re provision of care impacts update		
Assured Plans and Market Sustainability, including fair cost of care		
Assistive Aids and Technology		
ASC Budget Monitoring		
Winter Planning	Discussed at the Joint Meeting of the Public Health & Health Integration Scrutiny Commission and the Adult Social Care Scrutiny Commission on 12 September 2023.	12 September 2023
Healthwatch Annual Report		
Hastings Road Day Centre Update	Regular updates to be provided to the commission as appropriate.	
Reablement Service	Requested to be added to work programme at meeting on 24 August 2023.	
Adult Social Care CQC Assessment	Requested to be added to work programme at meeting on 24 August 2023. Reinforced at meeting on 5 October to be discussed at the appropriate time.	
Domiciliary Care Contracts	Requested to be added to work programme at meeting on 24 August 2023.	

