

Leicester  
City Council

## **MEETING OF THE OVERVIEW SELECT COMMITTEE**

**DATE: THURSDAY, 13 JULY 2023**

**TIME: 5:30 pm**

**PLACE: Meeting Rooms G.01 and G.02, Ground Floor, City Hall, 115  
Charles Street, Leicester, LE1 1FZ**

### **Members of the Committee**

Councillor Cassidy (Chair)

Councillor Cank (Vice-Chair)

Councillors Bajaj, Dave and Porter

Three Labour Group Vacancies

To be advised

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

For Monitoring Officer

**Officer contacts:**

**Francis Connolly (Scrutiny Policy Officer)**

**Jacob Mann (Democratic Support Officer) ,**

Tel: 0116 454 5843, e-mail: [jacob.mann@leicester.gov.uk](mailto:jacob.mann@leicester.gov.uk)  
Leicester City Council, 115 Charles Street, Leicester, LE1 1FZ

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### Further information

If you have any queries about any of the above or the business to be discussed, please contact:

**Jacob Mann , Democratic Support Officer on 0116 454 5843.**

Alternatively, email [jacob.mann@leicester.gov.uk](mailto:jacob.mann@leicester.gov.uk), or call in at City Hall.

For Press Enquiries - please phone the **Communications Unit on 0116 454 4151.**

## **PUBLIC SESSION**

### **AGENDA**

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#### **1. APOLOGIES FOR ABSENCE**

#### **2. DECLARATIONS OF INTEREST**

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

#### **3. CHAIR'S ANNOUNCEMENTS**

#### **4. MINUTES OF THE PREVIOUS MEETING**

**Appendix A**

The minutes of the meeting of the Overview Select Committee held on 20 March 2023 are attached and Members are asked to confirm them as a correct record.

#### **5. PROGRESS ON ACTIONS AGREED AT THE LAST MEETING**

To note progress on actions agreed at the previous meeting and not reported elsewhere on the agenda (if any).

#### **6. MEMBERSHIP OF THE OVERVIEW SELECT COMMITTEE 2023/24**

The Committee will be asked to note the membership of the Overview Select Committee for 2023/24.

**7. DATES OF MEETINGS OF THE OVERVIEW SELECT COMMITTEE 2023/24**

The Committee will be asked to note the dates of meetings of the Overview Select Committee for 2023/24.

**8. QUESTIONS, REPRESENTATIONS AND STATEMENTS OF CASE**

The Monitoring Officer to report on the receipt of any questions, representations and statements of case submitted in accordance with the Council's procedures.

**9. PETITIONS**

The Monitoring Officer to report on any petitions received.

**10. TRACKING OF PETITIONS - MONITORING REPORT [Appendix C](#)**

The Monitoring Officer submits a report that updates Members on the monitoring of outstanding petitions. The Committee is asked to note the current outstanding petitions and agree to remove those petitions marked 'Petitions Process Complete' from the report.

**11. OVERVIEW SELECT COMMITTEE PORTFOLIO OUTLINE**

The Director of Delivery, Communications, and Political Governance, and the Director of Finance will give a verbal presentation outlining the portfolio of the Overview Select Committee. The Committee is asked to note the content of the presentation.

**12. REVENUE BUDGET MONITORING OUTTURN 2022/23 [Appendix D](#)**

The Director of Finance submits the final report in the monitoring cycle for 2022/23 and reports performance against budget for the year.

The Committee is recommended to consider the overall position presented within this report and make any observations it sees fit.

**13. CAPITAL BUDGET MONITORING - APRIL-MARCH 2022/23 [Appendix E](#)**

The Director of Finance submits a report to show the position of the capital programme at the end of March 2023 (Period 12).

The Committee is recommended to consider the overall position presented within this report and make any observations it sees fit.

**14. REVIEW OF TREASURY MANAGEMENT ACTIVITIES 2022/23** [Appendix F](#)

The Director of Finance submits a report which reviews how the Council conducted its borrowing and investments during 2022/23.

The Committee is recommended to note the report and make any comments to the Chief Operating Officer that they wish, prior to Council consideration.

**15. INCOME COLLECTION APRIL 2022 - MARCH 2023** [Appendix G](#)

The Director of Finance submits a report which details progress made in collecting debts raised by the Council during the 2022-23, together with debts outstanding and brought forward from the previous year. It also sets out details of debts written off under delegated authority that have not been possible to collect after reasonable effort and expense. This is a routine report made to members twice each year.

**16. QUESTIONS FOR THE CITY MAYOR**

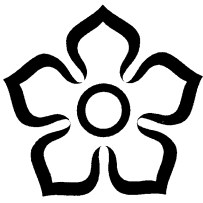
The City Mayor will answer questions raised by members of the Overview Select Committee on issues not covered elsewhere on the agenda.

**17. OVERVIEW SELECT COMMITTEE WORK PROGRAMME**

Members of the Committee will be asked to consider items for the future work programme.

**18. ANY OTHER URGENT BUSINESS**





Leicester  
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# Appendix A

Minutes of the Meeting of the  
OVERVIEW SELECT COMMITTEE

Held: MONDAY, 20 MARCH 2023 at 5:30 pm

P R E S E N T :

Councillor Cassidy (Chair)

Councillor Batool

Councillor Pantling

Councillor Halford

Also present:

Sir Peter Soulsby  
Councillor Russell  
Councillor Clarke  
Natasha Deacon  
Mariam Khan  
Dena Al-Showali  
Alretaj Al-Showali  
Henry Zawadzki

City Mayor  
Deputy City Mayor  
Deputy City Mayor  
Care Experience Consultant  
Care Experience Consultant  
Youth Representative  
Youth Representative  
Youth Representative

\* \* \* \* \*

**95. APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Joel and Westley.

**96. DECLARATIONS OF INTEREST**

Members were asked to disclose any pecuniary or other interests they may have in the business on the agenda.

There were no declarations of interest.

**98. MINUTES OF THE PREVIOUS MEETING**

AGREED:

That the minutes of the meeting held on 9 February 2023 be confirmed as a correct record.

## **99. PROGRESS ON ACTIONS AGREED AT THE LAST MEETING**

The Chair noted that Committee Members had received a note detailing the progress on actions agreed at the last meeting.

The Chair noted that a site visit to the Waterside Development site had taken place. The Chair praised the development.

## **100. QUESTIONS, REPRESENTATIONS AND STATEMENTS OF CASE**

The Monitoring Officer reported that no questions, representations and statements of case had been submitted in accordance with the Council's procedures.

## **101. PETITIONS**

The Monitoring Officer reported that no petitions had been received.

## **102. TRACKING OF PETITIONS - MONITORING REPORT**

The Monitoring Officer submitted a report which provided an update on the status of outstanding petitions against the Council's target of providing a formal response within three months of being referred to the Divisional Director.

AGREED:

That the status of the outstanding petitions be noted, and to remove those petitions marked 'Petition Complete' Ref: from the report.

## **103. COST OF LIVING CRISIS UPDATE**

The Director of Public Health provided an update on the Council's ongoing response to the cost-of-living crisis. The Head of Revenues and Customer Support was also present to update on available support. It was noted that:

- The ONS estimated that 1 in 3 adults were currently having difficulty affording rent and mortgage payments and that around half of adults were buying less food when shopping.
- Leicester was ranked 8<sup>th</sup> nationally in regard to vulnerability with cost of living. With the main difficulty being in median annual pay.
- An Incident Management Team had been running since September to co-ordinate the Council's response to the crisis. Within this there were a number of sub-cells focusing on different services and issues such as emergency food, as well as working with the voluntary sector and other partners.
- As part of the fuel poverty programme there was now a bespoke energy advice service now in place. With regards to energy advice there was a policy of 'no wrong front door' meaning that staff across different services would be trained to be able to give advice on these matters.



- Various anti-poverty grants were in place to support targeted vulnerable groups. A new round of grants would be advertised soon.
- All support that was noted at previous meetings was still ongoing.
- BetterOff Leicester was a website which provided financial advice and made users aware of benefits they were entitled to. The site also created a risk score for users using the budgeting tool and would notify those on high-risk of options for help.
- Usage of BetterOff was being closely monitored, with fuel advice and the income maximisation tool being the most used pages.
- Over 60% of the funding from the Household Support Fund through applications and professional referrals had been used to support fuel costs. The fund was targeted towards households which were 'just about managing' financially.

In response to questions from Members it was noted that:

- With regard to the Household Support Fund, it was a national scheme, an individual could only apply for support once in the current round however it could be twice for the next financial year.
- With regard to energy advice work there would be an awareness programme in primary schools on energy efficiency to educate pupils. This would be launched in September.
- Mental health first aid training would be provided to Food Bank staff and others in order to have more sustainable support.
- A breakdown of users for BetterOff was not possible as BetterOff was anonymised so there was no information on users.
- BetterOff was promoted heavily on social media and in libraires and advice on using the site was also provided.

In response to questions from Youth Representatives it was noted that:

- In relation to the role of schools in providing support, schools could make referrals to the Household Support Fund and ensure access to other support for those not eligible for free school meals. Applications were open for the Easter Holiday Activity and Food Programme.
- On Council support for Food Banks, Food Banks were run independently but supported by the food network coordinator in order to maximise supplies and volunteers. Food Bank demand had gone up, but no Food Banks had reported shortages with food. The numbers of Food Banks had remained stable.
- In respect to those with no access to public funds, the aim was to make support as universal as possible so that those with no access to public funds could also receive help.
- The Council aimed to reduce the stigma around seeking help by publicising data about the scale of the crisis.

The Chair praised the extensive work of Officers and voluntary organisations on this.

AGREED:

That the Committee notes the update and thanks all involved in providing support during the cost-of-living crisis.

#### **104. CORPORATE PARENTING STRATEGY**

The Strategic Director of Social Care and Education submitted a presentation outlining the Council's Corporate Parenting Strategy. The Head of Corporate Parenting presented the item, it was noted that:

- The overarching principle to the Council's approach to Corporate Parenting was 'as if this were my child'.
- There were currently 640 Children Looked After in the city alongside Care Leavers.
- Elected Members had been involved in developing the Strategy alongside Officers from across a wide range of Council services.
- One of the key principles of the Strategy was around participation for CLA and Care Leavers. This participation model was based on the Lundy model and Officers across the Council would be trained in this model.
- Another key principle of the Strategy was a focus on wellbeing both physical and mental.
- Preparing CLA for later life both with housing and independent living was also covered by the Strategy.
- The Strategy also detailed the pledges for CLA and Care Leavers.
- Future priorities included educating a wide range of Officers and new Councillors on their role as Corporate Parents.
- The Council was keen to set an example as an employer of Care Leavers and had a number of current Apprenticeships for Care Leavers.
- Training was available for all Councillors on Corporate Parenting and all Councillors were encouraged to attend the Corporate Parenting Board.

Representatives of the Care Experience Consultants were present to provide a presentation on their input and thoughts on the Strategy. It was noted that:

- The Strategy was focused on ensuring that CLA were happy and could succeed.
- The principle of the Lundy Model was added by the Generation Select panel.
- An area for further development was the current level of implementation of Corporate Parenting principles across the Council.
- Some of the language was felt to be too obscure for young people and this could be addressed to make the document more accessible. It was also suggested that the statistics in the Strategy could also include UK-wide data.
- Generation Select had found that CLA who were consulted didn't know what a Corporate Parent was. It was agreed that the term shouldn't be changed but more should be done to clarify the role.

In response to questions from Members it was noted that:

- In relation to terminology, the change in language from Looked After Children to Children Looked After was to change the culture of the service and put their status as children first before being looked after.
- The term Lundy Model was used as a shorthand when talking about the general principles of participation.
- With regard to wider department involvement in Corporate Parenting, the broader role for all staff in Corporate Parenting was a work in progress. However, Leicester was further ahead of this than many Councils where only Children's services were involved. All new Social Workers had an induction on Corporate Parenting.
- In response to concerns about the title of the Strategy it was noted that this was decided by the Generation Select panel.

In response to a question from a Youth Representative it was noted that Generation Select had agreed to continue using the term Corporate Parenting as it was now widely understood.

The young person presenting the presentation shared her own experience of support provided for independent living and made further suggestions as to how this could be improved.

The Chair noted his hope that all Councillors new and old would attend Corporate Parenting training as part of the post-election induction.

AGREED:

1. The Committee notes the update.
2. The Committee requests a further report to come to a future meeting setting out progress on actions.

## **105. CARBON NEUTRAL ROADMAP**

The Director of Estates and Buildings Services submits a report to present the findings of the Leicester Carbon Neutral Roadmap Study.

The Deputy City Mayor for the Climate Emergency introduced the item, noting that the focus was now on being 'climate ready' which meant being prepared for the adverse impacts of the climate emergency alongside net-zero work.

The Change Manager (Climate Emergency) presented the item, it was noted that:

- Adverse impacts of the climate emergency were already being felt in Leicester with flooding and the severe heatwave in the summer of 2022.
- The biggest contributor of greenhouse gases in Leicester was from heating.
- Consultants had done modelling of various scenarios showing different

levels of ambition for getting to net zero. Under the most ambitious scenario 50% of all journeys would have to be walking or cycling and a 3x increase in public transport usage was needed alongside other major infrastructure shifts.

- The roadmap was focused on reducing demand for energy and fuel in the city alongside moving away from fossil fuels.
- The roadmap was now being unpacked with the scale of work needed being considered. The Council was also considering what areas it had control over and what areas it had no control over.
- Next steps involved the development of a new action plan, and aligning with other plans, strategies, and funding bids across the Council.
- The report had previously been to the Economic Development Scrutiny Commission and comments from the Commission had been noted.

In response to questions from Members it was noted that:

- With regard to air quality measurement in the city, air pollution was considered in 2 different categories, firstly pollutants affecting health and secondly those affecting climate, known as greenhouse gases. Many of the measures to reduce one would also reduce the other. The Government provided data on greenhouse gas emissions from Leicester as a whole, which was used alongside the Council's data for its own greenhouse gas emissions.
- With cycleways, the 2-way paths were preferable, with 1-way paths normally due to space restrictions.
- On the possibility of heat pumps in new homes, there were currently no planning regulations in new place requiring heat pumps in new homes. The council's ambition was for new developments in Leicester be carbon neutral as soon as possible. Retrofitting older buildings was a major challenge.

AGREED:

That the Committee requests that a further update be brought in the new municipal year.

#### **106. REVENUE MONITORING APRIL- DECEMBER 2022**

It was noted that the Revenue Monitoring and Capital Monitoring reports would be considered together.

The Director of Finance submitted the third report for the monitoring cycle for 2022/23.

The Director of Finance presented the reports, it was noted that the overall general fund overspend was £10m which was slightly lower than previous forecasts..

AGREED:

1. That the Committee notes the report.
2. The Officers consider including the toilet blocks at Eyres Monsell Primary School in the Capital Projects and Minor Works Programme.

#### **107. CAPITAL MONITORING APRIL- DECEMBER 20222**

The Director of Finance submitted the third report for the monitoring cycle for 2022/23. It was noted that there was significant slippage on Capital Programmes due to inflationary pressures and issues with contractors.

A Member noted concerns with the toilet blocks at Eyres Monsell Primary School, suggesting that funding could be made available for the works. The City Mayor stated he would refer the case to Officers to consider including in the Capital Projects and Minor Works Programme.

In response to a question from the Chair it was noted that cladding at Phoenix Square was being removed in order to mitigate fire risk.

AGREED:

1. That the Committee notes the report.
2. That the Committee requests that Officers consider including the toilet blocks at Eyres Monsell Primary School in the Capital Projects and Minor Works Programme.

#### **108. 'ENCOURAGING WOMEN TO PARTICIPATE IN SPORTS AND PHYSICAL ACTIVITIES IN LEICESTER' A REPORT OF THE HERITAGE, CULTURE, LEISURE, AND TOURISM SCRUTINY COMMISSION**

The Chair of the Heritage, Culture, Leisure, and Tourism Scrutiny Commission submitted a report on its review into women's sport and physical activity in Leicester.

Councillor Halford as Chair of the review presented the report. It was noted that the review had found that women faced more barriers to exercise such as family commitments. The report noted good practice examples locally and nationally. The report considered women's preferences for physical activity and the range of partners currently working in this area.

A concern was raised about the use of a QR code on Active Leicester promotional materials which linked to the information. It was suggested that the posters should include the information without the link.

The City Mayor welcomed the report and stated he would take the recommendations seriously.

AGREED:

1. That the Committee notes and welcomes the findings and

- recommendations of the report.
2. That the Committee requests that a response report of the findings be taken to a future meeting of the Heritage, Culture, Leisure, and Tourism Scrutiny Commission.

#### **109. QUESTIONS FOR THE CITY MAYOR**

There were no questions for the City Mayor.

#### **110. OVERVIEW SELECT COMMITTEE WORK PROGRAMME**

It was noted that this was the final meeting before the election and therefore a Work Programme for future meetings was not yet in place. There were a number of issues listed on the current work programme that were likely to form part of OSC's work during 2023/24,

#### **111. ANY OTHER URGENT BUSINESS**

The Chair thanked all Members of the Committee for their work and thanked Officers for their work supporting the Committee.

The City Mayor thanked Members of the Committee and the Chair for their role scrutinising the work of the Council.

There being no other items of urgent business, the meeting closed at 7.52pm.

Date Petition referred to Divisional Director	Received From	Subject	Type - Cncr (C) Public (P)	No. of Sig	Ward	Date Receipt Reported to Council (C) / Committee (Cttee)	Lead Divisional Director	Current Position	Scrutiny Chair Involvement	Date of Final Response Letter Sent to Lead Petitioner	Current Status
21/03/2023	Frederick John Ray	Save Hansom Taxis!	(p)	163	Castle		Andrew L Smith	Petition is currently being investigated by officers, whilst still in planning stage.			GREEN
03/05/2023	Shital Adatia	Say NO to a Smokehouse next to Shree Hindu Temple & Community Centre	(p)	339	North Evington		Andrew L Smith	Petition has been verified and is with an officer for the pro-forma to be created.			GREEN
10/05/2023	Ben Glass	Knighton Area Experimental Traffic Order 2022 (TME 2980) Craighill Road Closure	(p)	79	Knighton		Andrew L Smith	Petition has been verified and is with an officer for the pro-forma to be created.			GREEN
15/05/2023	Abdul Karim	Steps to be demolished to stop antisocial behaviour on Mercury Close.	(p)	15	Wycliffe		Caroline Tote	Petition has been verified and is with an officer for the pro-forma to be created.			GREEN





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# **Executive Decision- Revenue Budget Monitoring Outturn 2022/23**

Decision to be taken by: City Mayor

Decision to be taken on: 13<sup>th</sup> July 2023

Lead director/ officer: Amy Oliver, Director of Finance

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### **Useful information**

- Ward(s) affected: All
- Report author: Ben Matthews
- Author contact details: Ben.Matthews@leicester.gov.uk
- Report version number: 1

## **1. Summary**

This report is the final one in the monitoring cycle for 2022/23 and reports performance against budget for the year.

Our normal approach to budget monitoring is that all departments must manage within their budgets. This approach was unavoidably relaxed during the covid pandemic, the effects of which were still being seen in 2022/23 (now compounded by a rapid increase in the rate of inflation). This relaxation was complemented by a greater use of centrally held funds and contingencies. Thus, this report shows an overall overspend of £4.4m in 2022/23, albeit lower than the £10.3m forecast at period 9. With the return of more normal operating conditions, traditional budgetary disciplines are being restored in 2023/24.

The overspend in 2022/23 has been caused by high inflation (including significantly increased energy costs and higher than budgeted pay awards), together with continuing – but reducing - pandemic related income shortfalls. The inflationary cost pressures detailed in this report were not foreseeable at the time of setting the budget and are consistent with other councils' experiences. By contrast, rising interest rates have meant that our investment income has increased considerably since the budget was set. The overspend is 1.4% of the net revenue budget, which will be funded from the managed reserves strategy.

The reduction in the overspend since the last report has been mainly due to continued difficulties in recruiting to vacancies, and one-off grant funding received from the Government.

Increased levels of cost are expected to continue in 2023/24, and as noted in the budget report for that year the medium term expectation of rising costs and inadequate funding make for a bleak outlook. Some savings have been identified and implemented during the course of 2022/23, and the latest tranche is reported to you as Appendix C to this report.

As previously reported, Children's Services continue to experience pressure in the budget for children's placements, due to the number of children receiving care and the level of support required. Significant cost pressures continue to be experienced in procuring home to school transport for children with special educational needs.

City Development and Neighbourhoods Department have incurred a significant overspend, mainly relating to additional energy and waste disposal costs, and continued (but declining) income shortfalls which are a direct consequence of the pandemic.

Though not part of the General Fund, the Housing Revenue Account has had an exceedingly difficult year and is reporting an overspend of £8.2m. The biggest elements of this are the knock-on effect of staff vacancies which have resulted in extra use of contractors to carry out essential work, and the effects of inflation on energy costs and materials. The focus on reducing voids has resulted in reduced capacity for capital work, and consequent additional revenue costs.

The special education “high needs block” continues to run a significant deficit, in common with authorities everywhere. The Government has recognised this problem, which is due to Government reforms giving rise to unexpectedly high demand: the Government has extended a temporary accounting device that means we can continue to address the problem without having to make immediate compensating savings. Like all authorities we are working with the Government on a deficit recovery plan.

## **2. Recommended actions/decision**

2.1 The Executive is recommended to:

- Note the outturn position detailed in the report
- Approve the following earmarked reserve changes:
  - a) transfer the amounts in City Development and Neighbourhoods, as detailed in Appendix B, paras 6.6, 7.1, 8.1, 11.2 to reserves.
  - b) transfer the amounts in Adult Social Care as detailed in Appendix B, para 13.4.
  - c) transfer the amounts to the Social Care Reserve as detailed in Appendix B, para 14.5.
  - d) transfer the amounts between the City Development and Neighbourhoods reserve and Managed Reserves, as detailed in Appendix D, para 4.5.
  - e) transfer £5.5m from the insurance fund to the capital programme reserve as detailed in Appendix D, para 5.4.
  - f) transfer £4.4m from the Managed Reserves Strategy to fund the 2022/23 overall overspend and balance the outturn position.
- Approve the reductions to budgets described at Appendix C and for the in-year underspend to be transferred to the Managed Reserves Strategy, and delegate authority to the Director of Finance to determine the specific budget ceilings affected.

2.2 The OSC is recommended to:

- Consider the overall position presented within this report and make any observations it sees fit

## **3. Scrutiny / stakeholder engagement**

N/A

## **4. Background and options with supporting evidence**

The General Fund budget set for the financial year 2022/23 was £307.8m.

Appendix A summarises the current budget and actual spending in 2022/23.

Appendix B provides more detailed commentary on the position for each area of the Council’s operations.

Appendix C shows the latest tranche of in-year budget savings.

Appendix D explains the Council's earmarked reserves

## **5. Detailed report**

See appendices

## **6. Financial, legal, equalities, climate emergency and other implications**

### 6.1 Financial implications

This report is solely concerned with financial issues.

### 6.2 Legal implications

This report is solely concerned with financial issues.

### 6.3 Equalities implications

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.

Protected characteristics under the Equality Act 2010 are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. There are no direct equality implications arising out of this budget monitoring report.

Equalities Officer, Surinder Singh, Ext 37 4148

### 6.4 Climate Emergency implications

There are no climate emergency implications directly associated with this report, as it is a budget monitoring report and is solely concerned with financial issues.

Aidan Davis, Sustainability Officer, Ext 37 2284

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

No other implications are noted as this is a budget monitoring report, and therefore no policy changes are proposed.

## **7. Background information and other papers:**

Report to Council on the 23rd February 2022 on the General Fund Revenue budget 2022/2023.

Period 3 Monitoring report presented to OSC on 27th September 2022.

Period 6 Monitoring report presented to OSC on 15th December 2022.

Period 9 Monitoring report present to OSC on 20th March 2023

**8. Summary of appendices:**

Appendix A – Outturn (April-March) Budget Monitoring Summary

Appendix B – Divisional Narrative – Explanation of Variances

Appendix C – Budget savings – Proposals for budget adjustments

Appendix D – Earmarked reserves

**9. 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

**10. Is this a “key decision”? If so, why?**

Yes – recurrent savings in excess of £0.5m

## Revenue Budget at Outturn (April – March), 2022-23

<b>2022-23</b>	<b>Current Budget</b>	<b>Outturn</b>	<b>Variance</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Financial Services	12,494.1	11,798.1	(696.0)
Information Services	10,866.1	10,834.3	(31.8)
Human Resources & Delivery, Communications & Political Governance	9,772.5	9,154.1	(618.4)
Legal Services	3,774.3	3,807.1	32.8
<b>Corporate Resources &amp; Support</b>	<b>36,907.0</b>	<b>35,593.6</b>	<b>(1,313.4)</b>
Planning, Development & Transportation	14,698.8	16,348.0	1,649.2
Tourism Culture & Inward Investment	4,459.1	4,829.3	370.2
Neighbourhood & Environmental Services	33,489.5	37,657.0	4,167.5
Estates & Building Services	6,002.7	6,330.6	327.9
Departmental Overheads	833.8	606.7	(227.1)
Housing Services	3,834.7	5,588.2	1,753.5
<b>City Development &amp; Neighbourhoods</b>	<b>63,318.6</b>	<b>71,359.8</b>	<b>8,041.2</b>
Adult Social Care & Safeguarding	147,924.0	144,626.7	(3,297.3)
Adult Social Care & Commissioning	(17,667.3)	(16,227.8)	1,439.5
<b>Sub-Total Adult Social Care</b>	<b>130,256.7</b>	<b>128,398.8</b>	<b>(1,857.9)</b>
Strategic Commissioning & Business Support	2,510.0	1,881.8	(628.2)
Learning Services	18,163.8	18,592.5	428.7
Children, Young People & Families	69,134.3	71,344.1	2,209.8
Departmental Resources	1,539.7	(470.6)	(2,010.3)
<b>Sub-Total Education &amp; Children's Services</b>	<b>91,347.8</b>	<b>91,347.8</b>	<b>(0.0)</b>
	<b>0.0</b>	<b>0.0</b>	
<b>Total Social Care &amp; Education</b>	<b>221,604.5</b>	<b>219,746.6</b>	<b>(1,857.9)</b>
	<b>0.0</b>	<b>0.0</b>	
<b>Public Health &amp; Sports Services</b>	<b>24,377.0</b>	<b>24,972.8</b>	<b>595.8</b>
	<b>0.0</b>	<b>0.0</b>	
<b>Total Operational</b>	<b>346,207.1</b>	<b>351,672.8</b>	<b>5,465.7</b>
Corporate Budgets	(4,681.6)	(2,829.7)	1,851.9
Capital Financing	6,450.0	3,654.5	(2,795.5)
<b>Total Corporate &amp; Capital Financing</b>	<b>1,768.4</b>	<b>824.8</b>	<b>(943.6)</b>
Public Health Grant	(28,150.7)	(28,248.1)	(97.4)
<b>TOTAL GENERAL FUND</b>	<b>319,824.8</b>	<b>324,249.5</b>	<b>4,424.7</b>

**Divisional Narrative – Explanation of Variances**

**Corporate Resources and Support**

Corporate Resources Department spent £35.6m, £1.3m less than the budget.

**1. Finance**

- 1.1. The Financial Services Division spent £11.8m, £0.7m less than the budget. This is because the Business Service Centre and Customer Services teams continue to experience recruitment difficulties, as was the case in 2021/22. Additionally, the BSC were holding some posts vacant in advance of deleting the posts which will contribute towards the council's overall savings target.

**2. Information Services**

- 2.1. Information Services spent £10.8m, £32k less than the budget. A number of planned schemes have not yet started so the planned use of reserves has been delayed.

**3. Human Resources, Delivery Communications & Political Governance (DCPG)**

- 3.1. Human Resources and DCPG spent £9.2m, £0.6m less than the budget, as a result of carrying staffing vacancies across a number of areas some of which will contribute to savings targets, and generating additional traded income.

**4. Legal, Registration & Coronial Services**

- 4.1. Legal Services spent £3.2m, £33k more than the budget. The service has had difficulty in recruiting permanent staff and is using locums instead which are more expensive.
- 4.2. Coronial and registrar services spent £0.6m as per the budget, after support from corporate budgets of £0.45m. Activity for the year was slightly higher than expected.

**5. City Catering**

- 5.1. City Catering, which provides school meals for some schools across the city, has faced significant headwinds with increasing food costs and pay inflation, together with lower levels of uptake. Meal price increases have previously been kept to a minimum, but pay and food inflation now mean

that the cost of production is on average more than the prices charged to schools. The service has drawn £1m from the “Schools Catering” earmarked reserve in order to break-even. A new pricing model based on full cost recovery is being explored, to limit drawings from reserves in future.

### **City Development and Neighbourhoods**

The department overspent by £8m on a net budget of £63.3m which was an improvement of £0.6m from the forecast at period 9. The position for each division is as follows:

#### **6. Planning, Development & Transportation**

- 6.1. The division overspent by £1.6m, a significant improvement on the £3m that was reported at period 9.
- 6.2. Income into the division has been suppressed during the year, in part due to the residual effects of the pandemic, with income from parking and bus lane enforcement being £1m lower than budgeted. This is higher than had been predicted earlier in the year, and these income shortfalls will be funded by the one-off COVID monies set aside as part of the 2022/23 budget.
- 6.3. An increase in energy costs across street lighting, traffic signals and signs have added £0.6m of budget pressures. Cost pressures for the provision and enforcement of parking have added a further £1.2m, with operating costs being over budget and have been so for a number of years. The PCN operating costs increased in 22/23 due to the procurement and implementation of the new management system, with a saving delivered against year-on-year spending moving forward. Further measures to reduce operating costs are being brought forward.
- 6.4. Market conditions have resulted in a reduction in the number of major planning applications being submitted, leading to an income shortfall of £0.9m, along with expenditure pressures of £0.1m.
- 6.5. An underspend of £1.8m has arisen on concessionary fares and tendered bus services. Since period 9 there has been additional grant income as well as a favourable settlement on prior years’ Park & Ride costs which has improved the position by £0.8m.
- 6.6. This report requests that £592k of government grant income, primarily in relation to the promotion of walking and cycling activities, is transferred to departmental reserves to finance expenditure which will be incurred in future years.



## **7. Tourism, Culture & Inward Investment**

- 7.1. The division overspent against its budget by £0.4m, in line with the figure reported at period 9. As reported throughout the year, the number of market traders operating is much lower than before the pandemic, with the division forecasting an under-recovery of income as a result. This report requests that £374k of government grant income is transferred to departmental reserves to finance agreed economic development expenditure which will be incurred in future years.

## **8. Neighbourhood & Environmental Services**

- 8.1. The division overspent against its budget by £4.2m. The contract for domestic waste collection and disposal provides for an annual inflationary increase, resulting in an overspend of £1.8m as inflation rose sharply after the budget was prepared. Separately, the volume of waste going to landfill has risen such that landfill tax was higher by £1.7m. Pressures elsewhere in the division largely relate to the increased cost of fuel and utilities across parks and neighbourhood services. This report requests that £353k is transferred to departmental reserves to assist in meeting pre-existing commitments for which the income was received during the year.

## **9. Estates & Building Services**

- 9.1. The division overspent against its budget by £0.3m. There has been a continual improvement in the picture throughout the year, reflecting reductions in staffing expenditure through vacant posts and efforts to generate income. The overspending arose because additional staff have been taken on to tackle a backlog in rent and service charge reviews, and the income that will arise from this work will be generated later than expected.

## **10. Departmental Overheads**

- 10.1. The cessation of the Smart Cities programme as a budget saving from 2023/24 was approved in Period 6. A £0.2m underspend has been achieved from the early delivery of savings.

## **11. Housing General Fund**

- 11.1. The Housing General Fund provides housing services to the public generally (as opposed to the Housing Revenue Account, which provides services to tenants) and has overspent by £1.8m. Continued increases in the number of families presenting as homeless has added further to the cost of temporary

accommodation, with less of this being recoverable from housing benefit than had been anticipated at period 9.

- 11.2. This report requests that £582k of homelessness grant income is transferred to departmental reserves to finance expenditure which will be incurred in future years, plus a further £2.2m of grant income linked to Asylum seekers.

## **12. Housing Revenue Account**

- 12.1. The Housing Revenue Account (HRA) is a ring-fenced income and expenditure account relating to the management and maintenance of the Council's housing stock. The HRA overspent by £8.2m, excluding revenue used for capital spending (which is reported in the capital monitoring report). At period 9 the forecast overspend was £7.3m.
- 12.2. Income from rents and service charges fell short of the budget by £0.2m, largely due to the loss of rent on void properties being higher than budgeted.
- 12.3. The Repairs and Maintenance service overspent by £4.5m, compared with the £2.9m which was forecast at period 9. There were savings on vacant posts of £1.4m, but this was more than offset by spend on contractors of £2.5m to deal with the staffing shortage and address the backlog of void properties, and £0.9m increased spend on materials and equipment hire. As a result of staffing vacancies and the focus on turning around void properties, less capital work is being undertaken resulting in additional costs of £0.8m falling to the revenue budget. Compensation claims and associated costs arising from an increase in disrepair claims driven by law firms before the introduction of fixed recoverable costs, along with the cost of repairing properties damaged by fires, have added a further £1m. The fleet of vehicles used by the HRA cost £0.2m more than the budget, with other running costs adding a further £0.5m.
- 12.4. Management and Landlord Services overspent by £1.8m. This includes the district heating network costs and the supply of heat and hot water exceeded the budget by £1.2m due to rapidly rising gas and heat charges during 22/23. Further costs of £0.3m have also been incurred on utilities across communal areas as gas and electricity prices increased. The budget was also subject to additional Council tax charge costs of £0.5m linked in the main to properties within the acquisition programme. Savings from vacant posts have helped to partially offset some of these overspends.
- 12.5. The HRA makes contributions towards general fund activities as well as being charged for a fair proportion of the Council's overheads. These were £0.3m higher than the budget, with a consequent saving to the general fund.
- 12.6. The local government pay award has resulted in additional costs of £1.4m above the budget.

- 12.7. The overspend of £8.2m is clearly significant and was largely unforeseeable when the budget was set. HRA reserves will be used to address the overspend position and actions are being taken to ensure that similar overspends are not incurred going forward.

### **Adult Social Care**

#### **13. Adult Social Care**

The service spent £128.4m, £1.9m less than the budget.

- 13.1. The numbers of people with care packages at the end of the year was 5,429, an overall annual growth of 2.6%, less than the budgeted increase of 3.9% and lower than the 4.4% seen in 2021/22. The lower overall growth was a result of a slight reduction in the number of older people receiving care, but a higher than expected growth in working age adult numbers.
- 13.2. Overall average weekly package gross costs have risen from £514 at the end of 2021/22 to £585 at the end of 2022/23. This is the result of provider fee increases, and the increasing needs of 40% of people who have existing packages of care that consequently cost 22% more on average by the end of the year compared to the start. There has been no significant change in the mix of the type of support for the current cohort of people. Whilst the increase in need cost more than budgeted for, the additional cost was more than offset by additional income from joint NHS funded packages, additional funding from the NHS for care packages for those recently discharged from hospital and higher than expected fee income. Consequently, net package costs were £1.2m lower than budgeted.
- 13.3. There have been difficulties throughout the year in recruiting to permanent posts including qualified social workers, occupational therapists, best interest assessors and approved mental health professionals. Agency staff have been used where necessary during the year to bridge capacity gaps, but the level of vacancies has reduced as at the end of the year. There has also been a significant turnover of administration and business support staff in the year. As a result, there was a £0.7m underspend in staffing costs.
- 13.4. £7.8m of the NHS Joint project reserve was used during the year to fund a variety of schemes delivered by the NHS, in line with the joint partnership arrangements. A further £1.8m has been set aside for future joint projects, which will assist the smoother integration and efficient working of health and adult social care, particularly considering the current pressures on the health service post pandemic.

## **Education and Children's Services**

### **14. Education and Children's Services**

The department spent £91.3m, as per the budget after the use of reserves.

- 14.1. The overall number of children looked after and in other placements has grown by 20 this year to 668. This growth includes 22 unaccompanied asylum-seeking children (UASC) taking the total to 56 by March 2023. Whilst UASC funding covers associated placement costs it does not cover the cost of the allocated Social Worker and IRO. In addition, it does not consider the overall pressure on placement availability or the placement type reflecting the complexity of the needs of the young person. The extent to which UASC will be financially supported in the future is unknown.
- 14.2. The 2022/23 year began with 648 placements, 22 more than budgeted, but with an annual average cost of £51k as per the budget. By the end of the year, the average placement cost of the 668 placements had risen to £58k per annum due to a combination of factors. The mix of placement type at the year-end has shifted such that there is a greater proportion of more expensive semi-independent placements and a lower proportion of fostering placements. Average unit costs of semi-independent and external residential placements have increased significantly through a combination of greater levels of individual support needs, particularly for the semi-independent placements, and provider price increases. A significant number of existing placements at the start of the year had unit cost increases during the year. Finally, whilst the average cost of new placements in the year was broadly in line with the budget, this was due to a high proportion of care leavers in low cost placements.
- 14.3. The combination of factors outlined above meant that overall placement costs of £38.8m were £4m more than the budget. This has, however, been offset by the savings below.
- 14.4. There continue to be difficulties in recruiting qualified social workers, with a reliance on agency staff as well as our own trainee staff. This has resulted in staffing underspends in social care. Similarly, there have been and, in some cases, still are vacancies across the department due to staffing churn and recruitment difficulties. These, include in particular in administration, but also in areas such as the special education service, Connexions, Multi-Systemic Therapy, and across all of early help services. Underspends across the department totalling £3.75m are predominantly due to staffing. This reduces the over overspend to £1.1m after placements costs. As planned the social care reserve has been used to cover the balance of the overspend.

- 14.5. It is also requested to transfer £2,659k of grants to the social care reserve, to be used towards specific schemes in future financial years, such as community safety, family hubs and young offenders
- 14.6. Around 1,500 Special Educational Needs (SEND) pupils are currently supported with transport either through personal transport budgets, taxis or in-house buses. Taxi rates were increased by 10% from April 2022 due to fuel cost increases which was not foreseen in the budget; and moreover, the re-procurement of journeys for the autumn term resulted in further rate increases. Average taxi journey costs per pupil have risen by 30% compared to the previous year.
- 14.7. The new transport policy is in place and its application is helping to stabilise the number of pupils requiring direct travel support against the backdrop of a rising cohort of pupils with education, health and care plans. Numbers of parents with personal transport budgets has increased by 16% (to 168) compared with the previous year and overall average pupils in taxis has reduced, albeit marginally. Nevertheless, overall SEND home to school transport support cost £0.85m more than the budget.
- 14.8. Funding for SEND support (other than transport) is met from the Dedicated Schools' Grant (DSG), rather than General Fund monies. Like all authorities, the Government's introduction of Education, Health and Care (EHC) Plans has led to a huge increase in costs. Consequently, the DSG high needs block expenditure exceeded the allocation by £4.6m, with the demand for ECH plans at record levels. Placement costs per pupil have increased significantly, with a near 10% increase in teaching assistant costs and 5% for teachers. Consequently, the balance of our DSG funding is now overdrawn.
- 14.9. The Government acknowledges the situation nationally, and is allowing authorities to carry forward deficit DSG balances. Our balance was in deficit by £3.6m at 1 April 2022 and this increased to £6m at 31 March 2023. This number will change, as the final early years' funding allocation will not be settled until July. The Council will be discussing a proposed DSG deficit management recovery plan with the DfE.
- 14.10. Primary maintained schools' balances reduced by £1m to £15.1m at the year end. Secondary schools' balances increased by £1.7m to £17m and special schools increased by £0.3m.

## **Public Health and Sports Services**

### **15. Public Health**

Public Health spent £22.0m as per the budget.

- 15.1. The impact of the NHS pay settlements on external public health contracts was funded by an additional allocation of public health grant of £0.3m.
- 15.2. The legacy of the pandemic has had an impact on how some elements of the sexual health service are delivered, following the success of an online testing service provided during lockdown. As in 2021/22, the provider was paid a fixed amount rather than a fee based on activity levels. This provided fee certainty until such time as activity returns to a more steady state and changes to delivery models are made permanent, in order to ensure the on-going financial viability of the provider.
- 15.3. The current contract ends in March 2024 and the re-procurement process has started. The new contract will be based on a block payment, rather than on an activity-based arrangement.

### **16. Sports Services**

- 16.1 Sports services spent £2.9m, £0.5m more than the budget. This is due to primarily to increases in gas and electricity costs. The sports and leisure sector generally has been significantly impacted by energy prices in 2022/23.
- 16.2. The service as a whole generated £6.5m of income, with leisure centres at 94% of the budget, leaving an overall income shortfall of £0.4m. Income levels achieved compare favourably with the 63% of income achieved in 2021/22 when the service was gradually re-opening following the pandemic.
- 16.3. Membership numbers are increasing, and numbers have been further boosted following the completion of refurbishments at Braunstone, Spence Street and Aylestone centres. Health and fitness membership is up 19% compared to the start of the year and swimming lesson membership has similarly increased by 20%. Non-membership casual patronage has remained flat and not recovered to pre-pandemic levels. There have also been issues in recruiting swim teachers and gymnastic coaches with a consequent impact on income. New prices for a range of membership types applied from August.
- 16.4. Whilst income was lower than budgeted this has been offset from savings in staffing costs, in particular at New Parks and Leicester Leys which have been affected by the shortage of swimming instructors. There have also been savings from vacancies in the management team during the year

resulting in overall staffing savings of £0.6m. In addition to energy costs, non-pay costs have been affected by significant price rises including those related to chemical water treatment and other consumables resulting in unbudgeted expenditure of £0.23m.

### **Corporate Items & Reserves**

#### **17. Corporate Items**

- 17.1. Corporate items cover the Council's capital financing costs and items such as audit fees, bank charges, contingencies and levies.
- 17.2. Capital financing budgets underspent by £2.8m. As reported previously, the rise in interest rates generated additional income from investments.
- 17.3. Other corporate budgets overspent by £1.9m overall, the reasons being:
  - a) The pay award across the Council cost £7.3m more than budgeted, which was partially offset by the use of a £2m contingency in the original budget, leaving a balance of £5.3m to be funded. The provision for pay awards was set at 2.5% of pay budgets, however the actual pay award was significantly higher as inflation escalated. Departments received corporate funding to meet the full cost, hence the overspend shows in corporate rather than in departmental budgets.
  - b) In January 2023, additional Government grant of £0.9m was received. The Government collects "levies" from some authorities that have high business rates growth (generally district councils) and makes safety net payments to authorities which have suffered significant reductions in their rates. Generally, Government collects more in levies than they pay out, and every few years distributes the balance to local authorities.
  - c) Savings of £2.5m have been made from a range of other factors, including the Government reversing a previous planned increase in employers' national insurance contributions, a saving due to better performance in housing benefit payments (leading to more government grant) and a rebate on agency staff fees.

#### **18. Budget Savings**

- 18.1. As members are aware, the funding outlook for 2024/25 and beyond is bleak. Directors have been working to identify and make savings during the course of 2022/23, which help reduce the scale of expected future deficits. Savings have already been reported in the monitoring report at periods 3, 6 and 9.

- 18.2. Where savings are made as part of a service review, decisions will be taken in the normal manner through a decision report. Where savings are incidental or can be made through management action, it is proposed to continue our previous practice of seeking approval to budget adjustments through routine budget monitoring reports.
- 18.3. Approval is sought to make the budget adjustments in Appendix C.



**Budget Savings – Proposals for budget adjustments**

	2022/23	2023/24	2024/25	2025/26
	£000's	£000's	£000's	£000's
<b><u>City Development and Neighbourhood savings</u></b>				
Review of Building Control team budget, including deletion of vacant posts.		115	115	115
Savings through reduction of expenditure on parks buildings		25	25	25
Alternative security arrangements at Park & Ride sites		50	100	100
Saving on the Conservation Team budget within the planning service.		15	30	30
More efficient energy management in Highways		120	155	155
Managed reductions in the delivery of Festivals & Events.		18	18	18
Savings through cost reduction and targeted income management		50	75	75
<b>Total City Development &amp; Neighbourhood savings</b>	-	<b>393</b>	<b>518</b>	<b>518</b>
<b><u>Social Care and Education savings</u></b>				
Employment services have been redesigned and externally funded.	-	100	313	313
Additional funding for preventative services and minor savings.	-	300	300	300
<b>Total Social Care and Education savings</b>	-	<b>400</b>	<b>613</b>	<b>613</b>
<b><u>Corporate resources &amp; Support savings</u></b>				
Communications and Marketing- additional income generation from advertising		25	25	25
Telephony consolidation		20	30	30
Financial Services - efficiency savings and staff reductions		189	189	189
Legal Services - staffing review savings		-	50	50
Reduction in employee mileage claims post pandemic.		189	189	189
<b>Total Corporate resources &amp; Support savings</b>	-	<b>423</b>	<b>483</b>	<b>483</b>
<b>TOTAL PROPOSED SAVINGS</b>	-	<b>1,216</b>	<b>1,614</b>	<b>1,614</b>

## Earmarked Reserves – Year-end Summary

### 1. Summary

- 1.1. Earmarked reserves represent sums set aside for specific purposes. This is in contrast to the annual revenue budget, which exists to support the Council's day-to-day operations. Reserves are however increasingly being used to mitigate future budget pressures.
- 1.2. Reserves are created or dissolved with the approval of the City Mayor. Directors may make contributions to reserves provided that the purpose of the reserve is within the scope of the budget from which the contribution was made. Directors may withdraw money from reserves to support spending that is consistent with the purpose for which the reserve was created.
- 1.3. Earmarked reserves can be divided into different categories: information on the larger reserves in each category is detailed below.

### 2. Ring-fenced reserves

Ringfenced reserves, are funds held by the Council but for which we have obligations to other partners or organisations

- 2.1 The following reserves are ringfenced for schools;

2022-23	Balance at 31st March 2022	Total in Year Transfers	Balance at 31 March 2023
	£000	£000	£000
DSG not delegated to schools	(3,642)	(2,351)	(5,993)
School Balances	30,096	1,060	31,156
School Capital Fund	2,491	(74)	2,417
Schools Catering	1,915	(1,044)	871
<b>Total School Ring Fenced Reserves</b>	<b>30,860</b>	<b>(2,409)</b>	<b>28,451</b>

- 2.2 Dedicated Schools Grant not delegated to schools is principally for spending on the High Needs Block. This currently has a negative balance which has almost doubled in the 2022/23 financial year as the grant allocation for SEND provision from the Government fails to keep pace with significant year of year increases in demand and hence expenditure. The Council is working with the Government to seek resolution – this is a national issue with the majority of local authorities in a similar position.
- 2.3 School balances are the cumulative reserves of all the Council's maintained schools.

- 2.4 School Capital funds are transfers of revenue funding made by a small number of individual schools to set aside funding for future capital works.
- 2.5 Schools Catering is exclusively used by the Council's in-house catering service to invest in this provision and to offset cost increases in the short term.
- 2.6 The following reserves are ringfenced for other purposes:

2022-23	Balance at 31st March 2022	Total in Year Transfers	Balance at 31 March 2023
	£000	£000	£000
Education & Skills Funding agency Learning Programmes	971	(84)	887
Arts Council National Portfolio Organisation Funding	319	(131)	188
NHS Joint Working Projects	25,013	(5,973)	19,040
<b>Total Ring Fenced Resources</b>	<b>26,303</b>	<b>(6,189)</b>	<b>20,114</b>

- 2.7 **NHS Joint Working Projects:** the government has provided funding for joint working between adult social care & the NHS. The £6m decrease is explained in Appendix B above.

### 3. Capital Programme Reserve

This reserve supports approved spending on the Council's capital programme and is fully committed.

2022-23	Balance at 31st March 2022	Total in Year Transfers	Balance at 31 March 2023
	£000	£000	£000
Capital Programme Reserve	98,834	4,209	103,043

## 4. Departmental Reserves

Departmental reserves are held by services to fund specific projects or identified service pressures identified.

2022-23	Balance at 31st March 2022	Total in Year Transfers	Balance at 31 March 2023
	£000	£000	£000
Financial Services Reserve	5,119	(687)	4,431
ICT Development Fund	10,479	-	10,479
Elections	2,439	-	2,439
Housing	2,802	1,803	4,605
City Development (Excl Housing)	12,671	1,123	13,794
Social Care Reserve	9,999	940	10,939
Health & Wellbeing Division	5,632	(686)	4,946
Other Departmental Reserves	464	-	464
<b>Total Other Departmental Reserves</b>	<b>49,606</b>	<b>2,492</b>	<b>52,098</b>

Detail on the larger reserves is provided below: -

- 4.1 **Financial Services:** for expenditure on improving the Council's main financial systems; spikes in benefit processing and overpayment recovery.
- 4.2 **ICT:** rolling funds for network and server upgrades, critical infrastructure, cyber security measures, mobile airtime and upgrade of PC and laptops, as well as costs related to increased remote and agile working. A number of planned schemes have not yet started so the use of reserves has been delayed.
- 4.3 **Elections:** this reserve is held to fund local and mayoral elections and there will be a significant draw on this in 2023/24 to cover costs of the elections held in May 2023 .
- 4.4 **Housing:** to meet spikes in temporary accommodation costs, hold grant funding for homelessness projects and refugee resettlement programmes.
- 4.5 **City Development and Neighbourhoods:** to meet known one-off costs relating to highways activities, provisions for insurance claims, funding for projects that will not be completed until 2023-24 and the re-procurement of the waste management PFI contract when it expires in 2028. A transfer of £2m from managed reserves to the City Development and Neighbourhoods reserve is also proposed in this report, to cover additional costs relating to the existing waste contract and the re-procurement. A cumulative amount of £951k of reserves which had been prudently set aside for various items, but

which are no longer required have been released to support the wider managed reserve strategy.

4.6 **Social Care Reserve:** this reserve is available to fund pressures within Adults and Children’s services, particularly rising costs of children’s placements.

4.7 **Health & Wellbeing:** to support service pressures, channel shift and transitional costs.

## 5. Corporate reserves

Corporate reserves are those held for purposes applicable to the organisation as a whole and not any specific service and are administered corporately.

2022-23	Balance at 31st March 2022	Total in Year Transfers	Balance at 31 March 2023
	£000	£000	£000
Managed Reserves Strategy	83,270	(17,442)	65,829
Covid-19 -Business Rates deficit reserve	13,396	(16,677)	(3,281)
BSF Financing	9,035	127	9,161
Insurance Fund	11,495	(5,336)	6,159
Severance Fund	4,827	(104)	4,722
Service Transformation Fund	5,195	(25)	5,170
Welfare Reserve	2,550	(435)	2,114
Anti-Poverty Reserve	3,000	(228)	2,772
<b>Total Corporate Revenue Resources</b>	<b>132,768</b>	<b>(40,121)</b>	<b>92,647</b>

Detail on these reserves is provided below: -

5.1 **Managed Reserves Strategy:** a key element to delivering our budget strategy as set out in the budget report for 2023/24, £34.1m is committed to fund the 2023/24 budget. Without further savings it will run out in 2024/25.

5.2 **Covid-19 Business Rates Deficit Reserve:** This reserve arises due to timing differences on statutory accounting. It does not affect services, and will be reversed in 2023/24. This is due to a shortfall in budgeted government grant in relation to the collection fund, which will be resolved in future years through the collection fund surplus.

5.3 **BSF Financing:** to manage costs over the remaining life of the Building Schools for the Future scheme and lifecycle maintenance costs of the redeveloped schools.

5.4 **Insurance Fund:** to meet the cost of insurance claims: nearly all our costs are met from this fund. Following a review by the actuary, it is possible to release £5.5m, which it is recommended be set aside for capital spending in 2024/25, where we will otherwise have a much reduced programme. The reserve positions for the Insurance Fund and the Capital Programme reserve in the table above have assumed this has happened.

- 5.5 **Severance Fund:** to facilitate ongoing savings by meeting the redundancy and other termination costs arising from budget cuts.
- 5.6 **Service Transformation Fund:** to fund projects which redesign services enabling them to function effectively at reduced cost.
- 5.7 **Welfare Reserve:** this reserve provides support for welfare reform and welfare support more generally.
- 5.8 **Anti-Poverty Reserve:** this reserve will continue to support the Anti-Poverty Strategy.

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**Executive Decision  
Capital Budget  
Monitoring  
April-March  
2022/23**

Decision to be taken by: City Mayor

Decision to be taken on: 13<sup>th</sup> July 2023

Lead director/officer: Amy Oliver, Director of Finance

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## Useful information

- Ward(s) affected: All
- Report author: Ben Matthews, Chief Accountant
- Author contact details: ben.matthews@leicester.gov.uk

### 1. Summary

- 1.1 The purpose of this report is to show the position of the capital programme at the end of March 2023 (Period 12).
- 1.2 This is the outturn capital monitoring report of the financial year 2022-23.
- 1.3 As previously reported, many projects have delayed completion dates and face additional costs due to volatility in the construction industry and inflationary pressures. The limited labour and resourcing issues facing contractors' capacity levels is impacting tender price returns. Some work programmes will manage this through their current budget by deferring projects. When this is not possible it is reported in the monitoring and decisions are taken as necessary. In this report we are starting to see the impact with some significant requests from the Programme Contingency which has been set aside for this purpose. It is anticipated these additional cost pressures will continue to be an issue for the foreseeable future.

### 2. Recommended actions/decision

#### 2.1 The Executive is recommended to:

- Note the following
  - The total spend of £135.6m for the year.
  - The progress in delivery of major projects, as shown at Appendix A.
  - The progress on spending work programmes, as shown at Appendix B, and approve the carry-forward of resources into 2023/24 for schemes where spend has slipped (£19.4m).
  - That the majority of provisions remain unspent as shown at Appendix C and approve the carry forward of the Early Years – Two Year Olds provision into 2023/24 (£141k), Appendix C, Para 1.4.
  - That across a number of schemes, £982k has been declared as savings following completion of schemes below budget. Of this, £37k was funded by Corporate Resources and will become available for future capital projects.



- Approve the following additions:
  - £259k for Onsite Construction Skills Hub, funded by government grant, see Appendix A, TCII, Para 2.1.
  - £300k for Dawn Centre Reconfiguration, funded by government grant, see Appendix A, HRA, Para 2.1.
  - £580k for Highways Maintenance, funded by government grant, see Appendix B, Para. 3.6.
  - £767k for Green Homes, funded by government grant, see Appendix B, Para 3.16.
  - £887k for District Heating Metering (Housing General Fund), funded by borrowing which will then be repaid with charges and income from homeowners (leaseholders), see Appendix B, Para 3.22.
- Approve the following transfer:
  - £563k for District Heating Metering (Housing Revenue Account), funded by a transfer from the Public Realm programme, see Appendix A, HRA, Para 2.2.
  - £631k for Disabled Adaptations and Improvements, funded by transfers from Kitchens & Bathrooms (£323k) and Boiler Replacements (£308k), see Appendix B, Para 3.27.
- Approve the following policy provision releases:
  - £1,500k from the Programme Contingency, for Pioneer Park Levelling up to fund inflationary increases, see Appendix A, PDT, Para 2.4.
  - £1,500k from the Programme Contingency, for Pilot House Levelling up to fund inflationary increases, see Appendix A, TCII, Para 2.2.
  - £17k from the Programme Contingency, for Ugandan Asians 50 Year Anniversary Commemoration to fund inflationary increases, see Appendix A, TCII, Para 2.3.
  - £215k from the Extra Care Schemes Policy Provision, for Children's Homes Refurbishments to fund additional works, see Appendix A, Children's Services. Para 2.5.
  - £20k from the Programme Contingency, for Heritage Interpretation Panels to fund inflationary increases, see Appendix B, Para 3.11.

- Approve the following saving:
  - £859k reduction from the 2023/24 HRA capital programme, see Appendix B, Para 1.2.

The OSC is recommended to:

- Consider the overall position presented within this report and make any observations it sees fit.

### 3. Scrutiny / stakeholder engagement

N/a

#### 4. Background and options with supporting evidence

4.1 The 2022/23 Capital programme was initially approved by Council on 23<sup>rd</sup> February 2022. It has subsequently been amended (including the 2021/22 outturn).

The capital programme is split in the following way:

- (a) Schemes classified as '**immediate starts**', which require no further approval to commence; and
- (b) A number of separate '**policy provisions**' which are not released until specific proposals have been approved by the Executive.

4.2 Immediate Starts are further split into:

- (a) **Projects**, which are discrete, individual schemes such as a road scheme or a new building. Monitoring of projects focusses on delivery of projects on time and the achievement of milestones. Consequently, there is no attention given to in-year financial slippage;
- (b) **Work Programmes**, which consist of minor works or similar on-going schemes where there is an allocation of money to be spent during a particular year. Monitoring of work programmes focusses on whether the money is spent in a timely fashion;
- (c) **Provisions**, which are sums of money set aside in case they are needed, where low spend is a favourable outcome rather than indicative of a problem;

(d) **Schemes which are substantially complete.** These schemes are the tail end of schemes in previous years' capital programmes, usually consisting of small amounts of money brought forward from earlier years.

4.3 A summary of the total approved 2022/23 capital programme as at Period 12 is shown below:

	<b>£000</b>
Projects	241,998
Work Programmes	217,228
Provisions	191
Schemes Substantially Complete	17,575
<b>Total Immediate Starts</b>	<b>476,992</b>
Policy Provisions	26,611
<b>Total Capital Programme</b>	<b>503,603</b>

4.4 The following changes have occurred to the capital programme since period 9:

	<b>£000</b>
Phoenix Square Cladding	9,431
Ashton Green Access Road	2,250
District Heating Metering 23/24 programme (HRA)	2,310
District Heating Metering 23/24 programme (HGF)	1,250
Additional SEND Places - Pupil Referral Unit	806
Dawn Centre Reconfiguration	350
School Capital Maintenance - West Gate Special School	250
Other	323
School Capital Maintenance (Savings)	(708)
Vehicle Fleet Replacement Programme (Savings)	(2,246)
<b>Net Movements</b>	<b>14,016</b>

These movements are included in the table at 4.3 above.

4.5 The following appendices to this report show progress on each type of scheme:

- Appendix A – Projects
- Appendix B – Work Programmes
- Appendix C – Provisions
- Appendix D – Projects Substantially Complete
- Appendix E – Policy Provisions

4.6 This report only monitors policy provisions to the extent that spending approval has been given, at which point they will be classified as projects, work programmes or provisions.

#### 4.7 Capital Receipts

4.7.1 At Period 12, the Council has realised £9.1m of General Fund capital receipts, of which £2m is unallocated to the approved capital programme.

4.7.2 “Right to Buy” receipts from sales of council housing have amounted to £19.4m received in year.

#### 5. Detailed report

N/A

### 6. Financial, legal, equalities, climate emergency and other implications

#### 6.1 Financial implications

This report is solely concerned with financial issues.

Colin Sharpe, Deputy Director of Finance, 37 4081

#### 6.2 Legal implications

There are no direct legal implications arising from the recommendations of this report.

Kamal Adatia, City Barrister & Head of Standards

#### 6.3 Equalities implications

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.

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

People from across all protected characteristics will benefit from the improved public good arising from the capital programme. At this time, there are no further equality implications as these have already been identified for the proposals agreed and submitted. There may be future projects, arising from the report and its recommendations, which would benefit from further consideration of the equalities implications and possibly a full equality impact assessment in certain circumstances. Whether an Equalities Impact Assessment is required will be dependent upon how work develops and whether the changes are likely to have a disproportionate impact on any protected group; this is usually the case where there are significant changes or a reduction in provision.

Equalities Officer, Surinder Singh, ext. 37 4148

#### 6.4 Climate Emergency implications

This report is solely concerned with financial issues.

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

No other implications are noted as this is a budget monitoring report, and therefore no policy changes are proposed.

### **7. Background information and other papers:**

Capital Programme 2022/23 was approved by Council on 23<sup>rd</sup> February 2022.

Housing Revenue Account Budget (including Capital Programme) 2022/23 approved by Council on 23<sup>rd</sup> February 2022.

2022/23 Capital Monitoring P3 Report presented to OSC on 27<sup>th</sup> September 2022.

2022/23 Capital Monitoring P6 Report presented to OSC on 15<sup>th</sup> December 2022.

2022/23 Capital Monitoring P9 Report presented to OSC on 20<sup>th</sup> March 2023.

### **8. Summary of appendices:**

- Appendix A – Projects
- Appendix B – Work Programmes
- Appendix C – Provisions
- Appendix D – Projects Substantially Complete
- Appendix E – Policy Provisions

**9. 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.

**10. Is this a “key decision”? If so, why?**

Yes. Expenditure exceeding £1m is proposed which has not been specifically approved by Council.

**PROJECTS****1. Summary**

- 1.1 As stated in the cover report, the focus of monitoring projects is physical delivery, i.e. whether they are being delivered on time, on budget and to the original specification. This appendix summarises progress on projects. Project summaries provided by departments/divisions are shown on pages 12-25 within this Appendix.

Department / Division	Remaining Budget £000	2022/23 Spend £000
Planning, Development & Transportation	131,512	40,569
Tourism, Culture & Inward Investment	42,117	7,596
Neighbourhood & Environmental Services	1,963	374
Estates & Building Services	14,739	1,940
Housing	2,087	0
Adult Social Care	2,510	0
Children's Services	29,314	6,741
Public Health	2,366	2,275
Housing Revenue Account	15,390	8,311
<b>Total</b>	<b>241,998</b>	<b>67,806</b>

- 1.2 A list of the individual projects is shown in the table on pages 10-11 of this report. This also summarises the progress of each project. Attention is drawn to expected completion dates and any project issues that have arisen.
- 1.3 A colour-coded rating of progress of each project has been determined, based on whether the project is progressing to the latest approved delivery and cost plan as expected, and whether it is still expected to complete within budget.
- 1.4 The ratings used are:
- (a) **Green** Successful delivery of the project on time, within budget, to specification and in line with original objectives seems very likely. There are no major issues that appear to threaten delivery significantly.
- (b) **Amber** Successful delivery of the project on time, within budget, to specification and in line with original objectives appears probable. However, some risks exist and close attention will be required to ensure these risks do

not materialise into major issues threatening delivery. Alternatively, a project is classed as amber if some insubstantial slippage or minor overspend is probable.

- (c) **Red** Successful delivery of the project on time, within budget, to specification and in line with original objectives appears to be unachievable. The project is expected to require redefining, significant additional time or additional budget.
- (d) **Blue** The project is substantially complete.
- (e) **Purple** The project is on hold, for reasons which have nothing to do with management of the capital programme. Examples include reconsideration of whether the project is still needed as originally proposed, or withdrawal of a funder.



## 2. Summary of Individual Projects

Dept/ Division	Project	Remaining Budget (£000)	2022/23 Spend (£000)	Forecast O/(U)spend (£000)	Original Completion Date	Forecast Completion Date	Previous Reported RAG Rating	Project RAG Rating @ P12
CDN (PDT)	Connecting Leicester	51,576	18,949	0	Mar-24	Jul-24	Green	Green
CDN (PDT)	Waterside Strategic Regeneration Area	4,994	1,201	0	Mar-23	Jun-26	Green	Green
CDN (PDT)	St George's Churchyard	582	24	0	Aug-18	Jul-24	Green	Amber
CDN (PDT)	City-wide Parkmap TRO review, signs and lines upgrades	151	68	0	Mar-21	Aug-23	Purple	Green
CDN (PDT)	North West Leicester Regeneration Area	711	651	0	Mar-22	Dec-23	Amber	Green
CDN (PDT)	High Streets Heritage Action Zones	1,341	533	0	Apr-24	Apr-24	Amber	Amber
CDN (PDT)	Saffron Brook	832	552	0	Mar-23	Jun-23	Green	Green
CDN (PDT)	Leicester Railway Station - Levelling up	22,550	1,672	0	Mar-24	Feb-25	Green	Amber
CDN (PDT)	Electric Bus Investment	20,331	15,401	0	Dec-23	Dec-23	Green	Green
CDN (PDT)	Pioneer Park - Levelling Up	24,567	1,036	1,500	Dec-24	Feb-24	Amber	Amber
CDN (PDT)	Land South of Midland Street	1,627	482	0	Sep-22	Jun-23	Green	Green
CDN (PDT)	Ashton Green Access Road	2,250	0	0	Dec-24	Dec-24	N/A	Green
CDN (TCI)	Jewry Wall Museum Improvements	13,366	3,362	0	Mar-23	Aug-24	Green	Green
CDN (TCI)	Leicester Market Redevelopment	11,460	1,698	0	Dec-21	Oct-24	Amber	Green
CDN (TCI)	Onsite Construction Skills Hub	708	261	0	Dec-22	Mar-25	Green	Amber
CDN (TCI)	Leicester Museum and Art Gallery Phase 1	2,721	630	0	Mar-22	Mar-24	Green	Green
CDN (TCI)	Visit Leicester Relocation	164	164	0	Nov-21	Mar-23	Green	Blue
CDN (TCI)	Growth Hub	714	371	0	Jun-23	Jun-23	Green	Green
CDN (TCI)	Fashion Technology Academy	159	39	0	Aug-23	Aug-23	Green	Green
CDN (TCI)	De Montfort Hall	1,014	292	0	Mar-22	Mar-24	Green	Green
CDN (TCI)	Pilot House	11,511	730	1,500	Mar-24	Nov-24	Green	Amber
CDN (TCI)	Ugandan Asians – 50 Year Anniversary Commemoration	300	49	17	Jun-23	Sep-23	Green	Amber
CDN (NES)	Western Park Sanitisation Tree Works	241	240	(1)	Mar-23	Mar-23	Green	Blue
CDN (NES)	Digital & Performance Suite	65	50	0	Mar-23	Mar-23	Green	Blue
CDN (NES)	Library Self Access Rollout	592	5	0	Sep-24	Sep-24	Green	Green
CDN (NES)	St Margaret's Pastures Skate Park	365	31	0	Jan-23	Feb-24	Amber	Amber
CDN (NES)	Multi Use Games Areas (MUGAs)	615	9	0	Mar-25	Mar-25	N/A	Green
CDN (NES)	Spinney Hills Park - Levelling Up	85	39	0	Mar-24	Mar-24	N/A	Green
<b>Total</b>		<b>175,592</b>	<b>48,539</b>	<b>3,016</b>				

Dept/ Division	Project	Remaining Budget (£000)	2022/23 Spend (£000)	Forecast O/(U)spend (£000)	Original Completion Date	Forecast Completion Date	Previous Reported RAG Rating	Project RAG Rating @ P12
CDN (EBS)	Estate Shops	733	237	0	Mar-22	Jul-23	Amber	Green
CDN (EBS)	Haymarket Theatre - Internal Completion Works	357	56	0	Mar-21	Jun-23	Amber	Amber
CDN (EBS)	Aylestone Leisure Centre PV Panels	1,579	984	0	Aug-22	May-23	Amber	Green
CDN (EBS)	Leycroft Road Energy Reduction Works	192	104	0	May-22	Mar-23	Amber	Blue
CDN (EBS)	African Caribbean Centre	312	229	0	Mar-23	Apr-23	Green	Blue
CDN (EBS)	Changing Places - Disabled Facilities Toilets	440	135	0	Mar-24	Mar-24	Green	Green
CDN (EBS)	Malcolm Arcade Refurbishment	1,000	47	0	Nov-23	Nov-23	Green	Green
CDN (EBS)	SuDS in Schools	86	86	0	Mar-23	Mar-23	Green	Blue
CDN (EBS)	Bosworth House	400	0	0	Aug-23	Aug-23	Amber	Green
CDN (EBS)	Leycroft Road Depot Refurbishment	20	12	0	Jun-24	Jun-24	N/A	Green
CDN (EBS)	Replacement Cladding Phoenix Square	9,620	50	0	Dec-24	Dec-24	N/A	Green
CDN (HGF)	Greener Homes	2,087	0	(2,087)	Mar-23	Jun-23	Amber	Red
SCE (ASC)	Extra Care Schemes	2,510	0	0	Aug-20	Jan-26	Amber	Green
SCE (ECS)	Additional SEND Places (including Pupil Referral Units)	13,203	2,008	0	Dec-19	Sep-25	Red	Amber
SCE (ECS)	Overdale Infant and Juniors School Expansion	3,588	333	0	Nov-21	Dec-23	Amber	Amber
SCE (ECS)	Expansion of Oaklands Special School	3,825	2,636	0	Mar-22	Jun-23	Green	Blue
SCE (ECS)	Pindar Nursery	892	51	0	Mar-23	TBC	Purple	Purple
SCE (ECS)	S106 Additional School Places	857	424	0	Sep-23	Aug-24	Amber	Green
SCE (ECS)	Tiny Forests in Leicester Schools	300	247	0	May-23	May-23	Green	Green
SCE (ECS)	Children's Homes Refurbishments	1,064	379	215	Sep-23	Feb-24	Green	Amber
SCE (ECS)	Expansion of Children's Homes	2,700	663	0	May-23	Jan-24	Green	Green
SCE (ECS)	Winstanley Contact Centre	685	0	0	Apr-24	Apr-24	N/A	Green
SCE (ECS)	Education System Re-tender	2,200	0	0	Mar-26	Mar-26	N/A	Green
PH	Leisure Centres Phase 2	2,016	1,925	0	Nov-22	Apr-23	Amber	Blue
PH	Leicester Hockey Club S106	350	350	0	Jun-23	Mar-23	Green	Blue
<b>Total (excluding HRA)</b>		<b>226,608</b>	<b>59,495</b>	<b>1,144</b>				
CDN (HRA)	Goscote House Demolition	2,576	1,791	0	Jan-20	Apr-23	Green	Blue
CDN (HRA)	New House Build Council Housing	2,861	2,861	0	Apr-23	Mar-25	Green	Green
CDN (HRA)	Tower Block Sprinkler Systems	1,677	673	0	Apr-22	Jun-23	Amber	Green
CDN (HRA)	Property Conversions	313	143	0	Mar-22	Mar-24	Green	Green
CDN (HRA)	Bridlespur Way Refurbishment	300	0	0	Mar-23	Jan-24	Green	Green
CDN (HRA)	Greener Homes	3,453	2,786	0	Mar-22	Jun-23	Amber	Green
CDN (HRA)	Dawn Centre Reconfiguration	800	57	300	May-23	Feb-24	Green	Amber
CDN (HRA)	St Matthews Concrete Works	1,100	0	0	Mar-24	Mar-24	Green	Green
CDN (HRA)	District Heating Metering	2,310	0	563	Jan-24	Jan-24	N/A	Amber
<b>Total HRA</b>		<b>15,390</b>	<b>8,311</b>	<b>863</b>				
<b>Total (including HRA)</b>		<b>241,998</b>	<b>67,806</b>	<b>2,007</b>				

## **Commentary on Specific Projects**

- 3.1 Explanatory commentary for projects that are not currently progressing as planned, or for which issues have been identified, is provided in the next pages. This has been defined as any scheme that has a RAG Rating other than “green” or “blue”.

## Capital Programme Project Monitoring 2022/23 Outturn

### Planning, Development & Transportation

#### 1. Projects Summary

Project Name	Remaining Budget (£000)	Over / (Under) Spend (£000)	Original Completion Date	Forecast Completion Date	RAG Rating
Connecting Leicester	51,576	0	March 2024	July 2024	G
Waterside Strategic Regeneration Area	4,994	0	March 2023	June 2026	G
St George's Churchyard	582	0	Aug 2018	July 2024	A
City-wide Parkmap TRO review, signs and lines upgrades	151	0	March 2021	Aug 2023	G
North West Leicester Regeneration Area	711	0	March 2022	Dec 2023	G
High Streets Heritage Action Zones	1,341	0	April 2024	April 2024	A
Saffron Brook	832	0	March 2023	June 2023	G
Leicester Station Improvements	22,550	0	March 2024	Feb 2025	A
Electric Bus Investment	20,331	0	Dec 2023	Dec 2023	G
Pioneer Park – Levelling Up	24,567	1,500	Dec 2024	Feb 2024	A
Land South of Midland Street	1,627	0	Sep 2022	June 2023	G
Ashton Green Access Road	2,250	0	Dec 2024	Dec 2024	G
<b>Total</b>	<b>131,512</b>	<b>1,500</b>			

#### 2. Projects Commentary (for **all** projects rated Amber, Red or Purple)

- 2.1 **St George's Churchyard** – This project has been delayed due to a change in the original extent of works to be completed and internal resourcing pressures.

- 2.2 High Street Heritage Action Zones** – This project is delayed pending confirmation of contracts with the Contractor. Discussions are on-going to resolve the issues.
- 2.3 Leicester Station Improvements** – Similar to the other levelling up schemes included in the capital programme, construction inflation since the scheme was approved will increase the contract value. Detailed design is progressing following the recent consultation exercise, including potential public realm and access improvements from the Station Street area. It is expected that the programme will require additional funding in due course.
- 2.4 Pioneer Park – Levelling Up** - As previously reported at period 9, it was expected that this scheme would require additional funding. An overspend of £1.5m is now forecast as a result of construction industry and inflationary pressures being experienced nationally. A decision is sought to approve additional funding, to be funded from resources set aside for this purpose.

## Capital Programme Project Monitoring 2022/23 Outturn

### Tourism, Culture and Inward Investment

#### 1. Projects Summary

Project Name	Remaining Budget (£000)	Over / (Under) Spend (£000)	Original Completion Date	Forecast Completion Date	RAG Rating
Jewry Wall Museum Improvements	13,366	0	March 2023	Aug 2024	G
Leicester Market Redevelopment	11,460	0	Dec 2021	Oct 2024	G
Onsite Construction Skills Hub	708	0	Dec 2022	March 2025	A
Leicester Museum and Art Gallery Phase 1	2,721	0	March 2022	March 2024	G
Visit Leicester Relocation	164	0	Nov 2021	March 2023	B
Growth Hub	714	0	June 2023	June 2023	G
Fashion Technology Academy	159	0	Aug 2023	Aug 2023	G
De Montfort Hall	1,014	0	March 2022	March 2024	G
Pilot House	11,511	1,500	March 2024	Nov 2024	A
Ugandan Asians – 50 Year Anniversary Commemoration	300	17	June 2023	Sep 2023	A
<b>Total</b>	<b>42,117</b>	<b>1,517</b>			

#### 2. **Projects Commentary (for all projects rated Amber, Red or Purple).**

**2.1 Onsite Construction Skills Hub** – The change in forecast completion date is due to securing additional funding of £259k to continue to deliver activities until March 2025. This report seeks approval to add this funding and increase the budget by £259k.

**2.2 Pilot House** – As a result of tender returns now being received, an overspend of £1.5m is forecast on this scheme as a result of construction industry and inflationary pressures

being experienced nationally. A decision is sought to approve additional funding for this scheme to be funded from resources set aside for this purpose.

- 2.3 Ugandan Asians – 50 Year Anniversary Commemoration** – An overspend of £17k is forecast on the public art sculpture as a result of inflationary pressures being experienced nationally linked to steel and production costs. A decision is sought to approve additional funding for this scheme to be funded from resources set aside for this purpose

## Capital Programme Project Monitoring 2022/23 Outturn

### Neighbourhood and Environmental Services

#### 1. Projects Summary

Project Name	Remaining Budget (£000)	Over / (Under) Spend (£000)	Original Completion Date	Forecast Completion Date	RAG Rating
Western Park Sanitation Tree Works	241	(1)	March 2023	March 2023	<b>B</b>
Digital & Performance Suite at St Barnabas Library	65	0	March 2023	March 2023	<b>B</b>
Library Self Access Rollout	592	0	Sep 2024	Sep 2024	<b>G</b>
St Margaret's Pastures Skate Park	365	0	Jan 2023	Feb 2024	<b>A</b>
Multi Use Games Areas (MUGAs)	615	0	March 2025	March 2025	<b>G</b>
Spinney Hills Park - Levelling Up	85	0	March 2024	March 2024	<b>G</b>
<b>Total</b>	<b>1,963</b>	<b>(1)</b>			

#### 2. Projects Commentary (for **all** projects rated Amber, Red or Purple).

- 2.1 **St Margaret's Pastures Skate Park** – It has been identified that the proposed development area experiences protected wildlife activities, for which further investigation and mitigation measures are being undertaken.



## Capital Programme Project Monitoring 2022/23 Outturn

### Estates and Building Services

#### 1. Projects Summary

Project Name	Remaining Budget (£000)	Over / (Under) Spend (£000)	Original Completion Date	Forecast Completion Date	RAG Rating
Estate Shops	733	0	March 2022	July 2023	G
Haymarket Theatre Internal Completion Works	357	0	March 2021	June 2023	A
Aylestone Leisure Centre PV Panels	1,579	0	Aug 2022	May 2023	G
Leycroft Road Energy Reduction Works	192	0	May 2022	March 2023	B
African Caribbean Centre	312	0	March 2023	April 2023	B
Changing Places - Disabled Facilities Toilets	440	0	March 2024	March 2024	G
Malcolm Arcade Refurbishment	1,000	0	Nov 2023	Nov 2023	G
SuDS in Schools	86	0	March 2023	March 2023	B
Bosworth House	400	0	Aug 2023	Aug 2023	G
Leycroft Road Depot Refurbishment	20	0	June 2024	June 2024	G
Replacement Cladding Phoenix Square	9,620	0	Dec 2024	Dec 2024	G
<b>Total</b>	<b>14,739</b>	<b>0</b>			

#### 2. Projects Commentary (for **all** projects rated Amber, Red or Purple).

2.1 **Haymarket Theatre - Internal Completion Works** – The completion of this project has been extended to June due to internal resourcing delays whilst prioritising other works.

## Capital Programme Project Monitoring 2022/23 Outturn

### Housing (GF)

#### 1. Projects Summary

Project Name	Remaining Budget (£000)	Over / (Under) Spend (£000)	Original Completion Date	Forecast Completion Date	RAG Rating
Greener Homes	2,087	(2,087)	March 2023	June 2023	R
<b>Total</b>	<b>2,087</b>	<b>(2,087)</b>			

#### 2. Projects Commentary (for **all** projects rated Amber, Red or Purple).

- 2.1 **Greener Homes** – As previously reported, the funding in this scheme is to be passported to registered housing providers to use on their own housing stock. This is a separate allocation to the HRA Greener Homes project, which relates to installation of energy efficiency measures in Council dwellings. Unfortunately the registered housing providers have withdrawn from the scheme, which means that the funding will be returned to the government.

## Capital Programme Project Monitoring 2022/23 Outturn

### Adults

#### 1. Projects Summary

Project Name	Remaining Budget (£000)	Over / (Under) Spend (£000)	Original Completion Date	Forecast Completion Date	RAG Rating
Extra Care – Two Schemes	2,510	0	Aug 2020	Jan 2026	<b>G</b>
<b>Total</b>	<b>2,510</b>	<b>0</b>			

#### 2. Projects Commentary (for **all** projects rated Amber, Red or Purple).

## Capital Programme Project Monitoring 2022/23 Outturn

### Children's Services

#### 1. Projects Summary

Project Name	Remaining Budget (£000)	Over / (Under) Spend (£000)	Original Completion Date	Forecast Completion Date	RAG Rating
Additional SEND Places (including Primary Pupil Referral Unit)	13,203	0	Dec 2019	Sep 2025	A
Overdale Infant and Juniors School Expansion	3,588	0	Nov 2021	Dec 2023	A
Expansion of Oaklands Special School	3,825	0	March 2022	June 2023	B
Pindar Nursery	892	0	March 2023	TBC	P
S106 Additional School Places	857	0	Sept 2023	Aug 2024	G
Tiny Forests in Leicester Schools	300	0	May 2023	May 2023	G
Children's Homes Refurbishments	1,064	215	Sept 2023	Feb 2024	A
Expansion of Children's Homes	2,700	0	May 2023	Jan 2024	G
Winstanley Contact Centre	685	0	April 2024	April 2024	G
Education System Re-tender	2,200	0	March 2026	March 2026	G
<b>Total</b>	<b>29,314</b>	<b>215</b>			

#### 2. Projects Commentary (for **all** projects rated Amber, Red or Purple).

**2.1 Additional SEND Places** - There has been a delay to the forecast completion date of this scheme due to ensuring the most suitable site is selected for the Rowans (Ellesmere). Furthermore, following a review of the requirements for the scheme which

also includes Knighton Lane (Leicester Partnership School) and the Armadale Centre (Netherhall School) it should be noted that the revised options are likely to require additional funds.

- 2.2 Overdale Infant & Juniors School Expansion** – There has been a further slight delay to the forecast completion of this scheme due to ongoing contract negotiations which have since been resolved and the contract now signed.
- 2.3 Expansion of Oaklands Special School** - This scheme is substantially complete, but the building is waiting to be energised by National Grid.
- 2.4 Pindar Nursery** - This scheme is currently on hold, as pupils remain located at Pindar Nursery whilst waiting for the Netherhall SEND scheme to be completed.
- 2.5 Children’s Homes Refurbishments** – The delay in the scheme is due to internal resourcing pressures which have now been resolved with new timescales agreed. There is also additional funding required on the Belvoir drive refurbishment scheme, due to the heating/cooling system needing to be replaced. It is proposed this is funded via a release of £215k from the Extra Care Schemes Policy Provision.

## Capital Programme Project Monitoring 2022/23 Outturn

### Public Health

#### 1. Projects Summary

Project Name	Remaining Budget (£000)	Over / (Under) Spend (£000)	Original Completion Date	Forecast Completion Date	RAG Rating
Leisure Centres Phase 2	2,016	0	Nov 2022	April 2023	<b>B</b>
Leicester Hockey Club S106	350	0	June 2023	March 2023	<b>B</b>
<b>Total</b>	<b>2,366</b>	<b>0</b>			

#### 2. Projects Commentary (for **all** projects rated Amber, Red or Purple).

## Capital Programme Project Monitoring 2022/23 Outturn

### Housing (HRA)

#### 1. Projects Summary

Project Name	Remaining Budget (£000)	Over / (Under) Spend (£000)	Original Completion Date	Forecast Completion Date	RAG Rating
Goscote House Demolition	2,576	0	Jan 2020	April 2023	<b>B</b>
New Build Council Housing	2,861	0	April 2023	March 2025	<b>G</b>
Tower Block Sprinklers	1,677	0	April 2022	June 2023	<b>G</b>
Property Conversions	313	0	March 2022	March 2024	<b>G</b>
Bridlespur Way Refurbishment	300	0	March 2023	Jan 2024	<b>G</b>
Greener Homes	3,453	0	March 2022	June 2023	<b>G</b>
Dawn Centre Reconfiguration	800	300	May 2023	Feb 2024	<b>A</b>
St Matthews Concrete Works	1,100	0	March 2024	March 2024	<b>G</b>
District Heating Metering	2,310	563	Jan 2024	Jan 2024	<b>A</b>
<b>Total</b>	<b>15,390</b>	<b>863</b>			

#### 2. Projects Commentary (for all projects rated Amber, Red or Purple).

**2.1 Dawn Centre Reconfiguration** – The scope of works for this project has been expanded significantly to incorporate a greater number of rooms, and to facilitate additional upgrades to the building, including re-wiring. This report seeks to increase the budget for the project by £300k, funded from income being received for Asylum Seekers housed within the city.

**2.2 District Heating Metering** – On further investigation the installation of meters is technically more difficult in some areas of the network, which results in additional works

required. Therefore, additional funding of £563k is required to complete the HRA element of the scheme and it is proposed to fund this by a transfer from the Public Realm Programme.



**WORK PROGRAMMES****1. Summary**

- 1.1 As stated in the cover report, work programmes are minor works or similar on-going schemes where there is an allocation of money to be spent during a particular year. Monitoring of work programmes focusses on whether the money is spent in a timely fashion.
- 1.2 The 2023/24 HRA budget report approved by Council included a recommendation to subsidise the district heating charges to tenants and leaseholders until meters are installed. It was acknowledged by full Council that a reduction of £859k to the capital programme would need to take place, and this report proposes that this reduction be applied to the 2023/24 Public Realm budget, by scaling back some planned works.

Department / Division	Approved to spend in 22/23 £000	2022/23 Spend £000	Slippage £000	Over/(under) Spend £000
City Development & Neighbourhoods	463	130	333	0
Planning, Development & Transportation	15,273	10,929	4,338	(6)
Tourism, Culture & Inward Investment	1,272	610	681	19
Neighbourhood & Environmental Services	652	176	476	0
Estates & Building Services	9,398	5,504	3,820	(74)
Housing General Fund	9,638	4,413	6,112	887
Adult Social Care	0	0	0	0
Children's Services	7,311	4,415	2,896	0
<b>Total (excluding HRA)</b>	<b>44,007</b>	<b>26,177</b>	<b>18,656</b>	<b>826</b>
Housing Revenue Account	25,634	24,748	715	(171)
<b>Total (including HRA)</b>	<b>69,641</b>	<b>50,925</b>	<b>19,371</b>	<b>655</b>

## 2. Summary of Individual Work Programmes

Work Programme	Dept/ Division	Approved £000	2022/23 Spend £000	Slippage £000	Over/(under) Spend £000
Feasibility Studies	CDN	463	130	333	0
Transport Improvement Works	CDN (PDT)	6,306	4,762	1,544	0
Bus Engine Retrofitting	CDN (PDT)	474	62	412	0
Air Quality Action Plan	CDN (PDT)	415	175	240	0
Highways Maintenance	CDN (PDT)	4,005	3,609	396	0
Flood Strategy	CDN (PDT)	292	292	0	0
Festive Decorations	CDN (PDT)	238	238	0	0
Local Environmental Works	CDN (PDT)	702	702	0	0
Legible Leicester	CDN (PDT)	71	20	51	0
Leicester Strategic Flood Risk Management Strategy	CDN (PDT)	19	13	0	(6)
Potential Strategic Development Sites Assessment	CDN (PDT)	1,424	606	818	0
Architectural & Feature Lighting (Grant)	CDN (PDT)	200	4	196	0
Front Wall Enveloping	CDN (PDT)	210	210	0	0
Transforming Cities Work Programmes	CDN (PDT)	461	120	341	0
Campbell Street Feasibility Study	CDN (PDT)	186	0	186	0
Conservation Building Grants	CDN (PDT)	62	62	0	0
Street Nameplates City Branding Programme	CDN (PDT)	111	44	67	0
Environment Agency Feasibility Studies	CDN (PDT)	97	10	87	0
Heritage Interpretation Panels	CDN (TCI)	355	343	32	20
Retail Gateways (Grant)	CDN (TCI)	74	74	0	0
Leicester Museum and Art Gallery	CDN (TCI)	70	69	0	(1)
Cank St Feasibility	CDN (TCI)	30	27	3	0
Local Shopping Centres Reopening & Improvement Programme Grants	CDN (TCI)	743	97	646	0
Parks Plant and Equipment	CDN (NES)	246	98	148	0
Parks and Open Spaces	CDN (NES)	395	67	328	0
Franklyn Fields Public Open Space	CDN (NES)	11	11	0	0
Property & Operational Estate Capital Maintenance Programme	CDN (EBS)	4,943	1,764	3,179	0
Green Homes	CDN (EBS)	3,827	3,562	265	0
Phoenix & Sovereign House	CDN (EBS)	248	38	210	0
CCTV Newarke Houses/Guildhall	CDN (EBS)	26	0	0	(26)
Depots Refurbishment	CDN (EBS)	289	123	166	0
Affordable Warmth	CDN (EBS)	65	17	0	(48)
Private Sector Disabled Facilities Grant	CDN (HGF)	2,089	1,969	120	0
Repayable Home Repair Loans	CDN (HGF)	200	16	184	0
Vehicle Fleet Replacement Programme	CDN (HGF)	6,099	2,428	3,671	0
District Heating Metering	CDN (HGF)	1,250	0	2,137	887
School Capital Maintenance	SCE (ECS)	6,999	4,347	2,652	0
Foster Care Capital Contribution Scheme	SCE (ECS)	312	68	244	0
<b>Total (excluding HRA)</b>		<b>44,007</b>	<b>26,177</b>	<b>18,656</b>	<b>826</b>

Work Programme	Dept/ Division	Approved £000	2022/23 Spend £000	Slippage £000	Over/(under) Spend £000
Council Housing - New Kitchens and Bathrooms	CDN (HRA)	2,350	1,870	0	(480)
Council Housing - Boiler Replacements	CDN (HRA)	2,793	2,471	0	(322)
Council Housing - Rewiring	CDN (HRA)	1,720	1,720	0	0
Council Housing - Disabled Adaptations & Improvements	CDN (HRA)	1,110	1,669	72	631
Council Housing - Insulation Works	CDN (HRA)	100	18	82	0
Council Housing - External Property Works	CDN (HRA)	431	431	0	0
Council Housing - Fire and Safety Works	CDN (HRA)	1,184	1,060	124	0
Community & Environmental Works	CDN (HRA)	1,816	1,463	353	0
Affordable Housing - Acquisitions	CDN (HRA)	12,280	12,280	0	0
Affordable Housing - RPs & Others	CDN (HRA)	450	450	0	0
Public Realm Works	CDN (HRA)	1,400	1,316	84	0
<b>Total HRA</b>		<b>25,634</b>	<b>24,748</b>	<b>715</b>	<b>(171)</b>
<b>Total (including HRA)</b>		<b>69,641</b>	<b>50,925</b>	<b>19,371</b>	<b>655</b>

### **3. Commentary on Specific Work Programmes**

- 3.1 Explanatory commentary for work programmes not currently progressing as planned, or for which issues have been identified, is provided below. For monitoring purposes, this has been defined as any scheme where budgets have significantly changed, where spend is low or where material slippage is forecast.
- 3.2 **Feasibility Studies** – A significant part of the slippage on this scheme is for the cemetery provision feasibility, due to alternative sites being explored. Additionally, the St Nicholas Church scheme has also been delayed whilst approval is sought from statutory stakeholders to allow the scheme to progress.
- 3.3 **Transport Improvement Works** – Activities that were initially scheduled for this year, including the proposed Workplace Parking Levy is no longer required. Therefore, works will be reprogrammed to other transport schemes to be delivered in 2023/24. Various other schemes expected for delivery this year have been delayed due to availability of contractors/internal resources.
- 3.4 **Bus Engine Retrofitting** – Bus operators have encountered difficulties retrofitting a number of buses, with this not being feasible in some cases. The slippage is required to reallocate the funding to operators with buses that can be retrofitted.
- 3.5 **Air Quality Action Plan** – The installation of electric vehicle chargers within the city is proving challenging, such as identifying suitable locations and gaining the necessary permission from National Grid for the power requirements. This has meant this scheme has been partially delayed until these issues can be resolved. The current forecast is that the remaining budget will be spent by Autumn 2023.
- 3.6 **Highways Maintenance** - The £398k slippage is due to various delays such as road works co-ordination and materials supply. The Council has received additional funding of £580k in 2023/24 from the Government towards the potholes repair programme within Highways Maintenance. It is therefore, requested to add this to the capital programme.
- 3.7 **Potential Strategic Development Sites Assessment** – Internal resourcing issues have led to a reduction of programme management and there have also been difficulties in recruiting temporary cover. The remaining budget will be required for the 2023/24 financial year.

- 3.8 **Architectural & Feature Lighting** – Grant recipients have requested that works are delayed due to the current economic climate.
- 3.9 **Transforming Cities Work Programmes** – Much of the slippage is for delivery of cycle hubs across the city, this is due to access issues and finding a suitable area for installing the hubs . Additional internal resource has been allocated to accelerate completion.
- 3.10 **Campbell Street Feasibility Study** – Due to the current economic climate the viability of the scheme is being reviewed, including considering alternative options.
- 3.11 **Heritage Interpretation Panels** - An overspend of £20k is forecast on this scheme as a result of inflationary pressures being experienced nationally. A decision is sought to approve additional funding for this scheme to be funded from resources set aside for this purpose
- 3.12 **Local Shopping Centres Reopening & Improvement Programme Grants** – A number of shop front works were delayed due to supply chain issues and wider pressures on businesses. The remaining improvements taking place and due to finish by March 2024.
- 3.13 **Parks Plant and Equipment** – Internal resourcing issues led to delays in sourcing vehicles which have since been resolved.
- 3.14 **Parks and Open Spaces** – The slippage for Rally Park has been delayed to allow for inclusion of the wider MUGA refurbishment programme that was approved in February 2023. The bandstand at Victoria Park has been further delayed due to the proposed festival on the park due to take place in late 2023. It is anticipated that works will commence as soon as the festival is completed.
- 3.15 **Property & Operational Estate Capital Maintenance Programme** – As previously reported, the majority of slippage was due to the assessment of maintenance works. This has now been completed and works are being programmed for 2023/24. The other element of the slippage was due to capacity and re-programming for ongoing decarbonisation requirements.
- 3.16 **Green Homes** – Approval is sought to add £767k of government grant funding to this scheme. This will help to continue the installation of energy efficient

measures in private homes across the city. In line with previous decisions, only an element of this funding is being added to the current scheme, due to previous grant not being fully spent and therefore budget remaining. The slippage of £265k into 2023/24 is due to initial issues with customer demand which have been resolved, supply chain delays and bad weather delaying the installation of solar panels and external wall insulation.

- 3.17 **Phoenix & Sovereign House** – Slippage is due to the requirements for the Phoenix House building being reviewed.
- 3.18 **Depot Refurbishment** – Slippage is due to design changes to Knighton Park Depot, leading to knock-on delays on the completion of Evington Park Depot designs.
- 3.19 **Private Sector Disabled Facilities Grant** – Slippage of £120k is due to delays caused by staff being deployed on other Housing projects as a priority.
- 3.20 **Repayable Home Repair Loans** – Slippage of £184k is due to the same issues affecting the Private Sector Disabled Facilities Grant.
- 3.21 **Vehicle Fleet Replacement Programme** – As previously reported, there has been slippage of £3.7m due to ongoing global factors affecting new vehicle delivery lead times, including steel shortages and microchip supply issues. Work has been ongoing to adapt our ordering processes as a result of changes in the global markets.
- 3.22 **District Heating Metering** - Similar to the HRA element of the programme, on further investigation the installation of meters is technically more difficult in some areas of the network, which results in additional works required. Therefore, additional funding of £887k is required to complete the General Fund element of the scheme. It is proposed to fund this by borrowing which will then be repaid with charges and income from homeowners (leaseholders).
- 3.23 **School Capital Maintenance** – The majority of this slippage is on sustainability schemes, which have slipped due to planning and listed building constraints.
- 3.24 **Foster Care Capital Contribution Scheme** – Slippage is a result of increased delays sourcing available contractors and time taken for legal charges to be lodged on properties by the land registry.

- 3.25 **Kitchens & Bathrooms** – An underspend of £480k reflects both the time for the new contract to build up speed and the decision to prioritise the refurbishment of void properties. Voids are now being carried out solely by the in-house teams, so external contractors are able to focus on kitchen and bathroom refurbishments
- 3.26 **Boiler Replacements** – The replacement of boilers is largely demand-led. An underspend of £322k has arisen during the year, reflecting demand being lower than anticipated.
- 3.27 **Disabled Adaptations & Improvements** – As a demand-led programme, this area is subject to fluctuation. An increase in work during the last quarter of the year has resulted in an overspend of £631k, compounded by inflationary increases in the cost of building materials. It is proposed to fund this with a transfer of the £308k Boiler Replacements underspend and £323k of the Kitchens & Bathrooms underspend. Separately, spend on adapting properties for those on the housing register is lower than anticipated, and it is requested that £72k be slipped to continue this work into 2023/24.
- 3.28 **Insulation Works** – Delays in procuring a contractor to carry out loft insulation works has now been resolved and the backlog of installations is being worked through. Slippage of £82k will be required to continue this work.
- 3.29 **Fire & Safety Works** – As reported previously, there have been difficulties nationally in the supply of new accredited fire doors. Whilst this has largely been resolved, slippage of £124k is requested to continue the programme into 2023/24.
- 3.30 **Communal & Environmental Works** – Slippage of £353k is requested to support the completion of estate improvement schemes.
- 3.31 **Public Realm Works** – Work has progressed well, and it is requested that £84k be slipped into 2023/24 to continue the improvements to Lethbridge Close, Edmonton Road courtyard and wider works across St Peters.

**PROVISIONS****1. Summary**

- 1.1 As stated in the cover report, provisions are sums of money set aside in case they are needed, where low spend is a favourable outcome rather than indicative of a problem.
- 1.2 As at the end of Period 12, none of the budgets for capital provisions had been spent.
- 1.3 Normally provisions are there if needed. The sums below are for the 2022/23 financial year.

Provision	Dept/ Division	Approved £000	2022/23 Spend £000	2022/23 Total £000	Remaining Budget £000
Empty Homes Purchase	CDN (HGF)	50	0	0	50
Early Years - Two Year Olds	SCE (ECS)	141	0	0	141
<b>Total</b>		<b>191</b>	<b>0</b>	<b>0</b>	<b>191</b>

- 1.4 The Early Years capital funding is to support development of places for early education for the city. Expansion and development of provision has not been necessary or advisable through COVID recovery. Whilst sustainability of early years provision remains concerning, growth in demand will come out of government plans to significantly extend the offer of funded childcare places to working parents, through a graduated approach across the next two years. It is anticipated that this funding will be required to support small project development cases, as it is likely that providers will need to remodel and respond to changes in demand. Approval is sought to take forward the remaining £141k in to the 2023/24 programme.



**PROJECTS SUBSTANTIALLY COMPLETE****1. Summary**

1.1 As at the end of Period 12, the following schemes were nearing completion. The budgets are the unspent amounts from previous years' capital programmes, mainly as a result of slippage.

Project	Dept/ Division	Approved £000	2022/23 Spend £000	Over/(Under) Spend £000
Corporate LAN/WAN Network Cisco Infrastructure Replacement	CRS	205	202	(3)
Phase 4 Laptop rollout	CRS	213	213	0
Leicester North West Major Transport Scheme	CDN (PDT)	89	0	0
Pioneer Park	CDN (PDT)	27	11	0
Pioneer Park Commercial Workspace (formerly Dock 2)	CDN (PDT)	109	46	0
St Margaret's Gateway	CDN (PDT)	4,330	4,329	0
Stocking Farm Community Shop	CDN (PDT)	150	109	0
Gresham Business Workspace	CDN (TCI)	64	24	0
Abbey Pumping Station	CDN (TCI)	239	239	0
Phoenix 2020	CDN (TCI)	689	688	(1)
St Mary's Allotments	CDN (NES)	11	11	0
Library RFID Self-Service System	CDN (NES)	25	14	0
Library Improved Self-Access Pilot	CDN (NES)	55	45	0
Abbey Park Precinct Wall	CDN (NES)	171	125	0
Reuse Shop Expansion	CDN (NES)	205	205	0
11-15 Horsefair Street	CDN (EBS)	55	10	0
Haymarket House, Car Parks & Lifts	CDN (EBS)	180	7	0
Haymarket Bus Station - Toilet Expansion and Refurbishments	CDN (EBS)	129	71	0
Energy Efficiency Technology	CDN (EBS)	10,205	10,205	0
St Leonard's Tower Block - Lift	CDN (HRA)	44	39	(5)
Additional Primary School Places	SCE (ECS)	66	3	0
Children's Residential Homes	SCE (ECS)	68	68	0
Glebelands Primary School Modular Building	SCE (ECS)	246	213	0
<b>Total</b>		<b>17,575</b>	<b>16,877</b>	<b>(9)</b>

**POLICY PROVISIONS****1. Summary**

1.1. As at Period 12, the following policy provisions were still awaiting formal approval for allocation to specific schemes.

<b>Department/ Division</b>	<b>Policy Provision</b>	<b>Amount £000</b>
CRS	New Ways of Working	1,887
CDN (PDT)	Strategic Acquisitions	3,207
CDN (TCII)	Tourism & Culture	50
CDN (TCII)	Highways, Transport & Infrastructure	2,694
CDN (TCII)	Leicester Museum and Art Gallery (LMAG)	3,656
CDN (TCII)	Outdoor Market Phase 3	0
CDN (Various)	People & Neighbourhoods	392
SCE (ECS)	New School Places	4,923
SCE (ECS)	Education System Re-tender	0
SCE (ASC)	Extra Care Schemes	3,641
Other	Black Lives Matter	435
All	Programme Contingency	4,726
<b>Total (excluding HRA)</b>		<b>25,611</b>
CDN (HRA)	Other HRA Schemes	1,000
<b>Total HRA</b>		<b>1,000</b>
<b>Total (including HRA)</b>		<b>26,611</b>

1.2. Releases from policy provisions since P9 (reflected in the tables above) are listed below:

- £7,300k for Outdoor Market Phase 3
- £2,200k for Education System Re-tender
- £750k for New School Places
- £685k for Extra Care Schemes
- £670k for Highways, Transport & Infrastructure
- £600k for Investment in Multi-Use Game Areas
- £82k for Leicester Museum and Art Gallery (LMAG)
- £60k for Black Lives Matter

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## **Overview Select Committee**

### **Review of Treasury Management Activities**

### **2022/23**

Date of Meeting: 13<sup>th</sup> July 2023

Lead director: Amy Oliver Director of Finance

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## Useful information:

- Ward(s) affected
- Report authors: Nick Booth, Treasury and Investments Manager
- Author contact details: nick.booth@leicester.gov.uk
- Report version number 1

## 1. Summary

- 1.1 This report reviews how the Council conducted its borrowing and investments during 2022/23.
- 1.2 During 2022/23, the end of lockdowns seemed to suggest a return to more stable times: in practice this was far from the case for treasury management. The Russian invasion of Ukraine created further disruption and uncertainty, in particular leading to inflation which soared into double figures for the first time in 40 years.
- 1.3 The year started with interest rates at a base rate of just 0.75% and an expectation that they would rise slightly, perhaps to 1.25%. However, the Bank of England has raised interest rates at every meeting of the Monetary Policy Committee during 2022/23 to try to counter high inflation. This rise in interest rates has benefitted the Council from a treasury management perspective (unlike many other authorities) because our debt is held at fixed rates for long periods, and we earn extra interest on our cash balances. The benefits will take some time to fully filter through as fixed term investments with other local authorities mature. However, the Council's net treasury management cost has been reduced by £2.8m compared to the original budget due to the additional income from investments.
- 1.4 The outlook for the economy remains uncertain with high current inflation (although this is predicted to fall sharply by the end of 2024), and very weak growth predicted.
- 1.5 The Council takes a prudent approach to investment of its cash balances, prioritising security and liquidity over yield/income. This means that safe investments with lower returns are chosen, rather than riskier options with higher returns. We have limited exposure to long term investments such as property funds. Therefore, we are not exposed to the issues now causing significant financial challenges at some councils which have got into difficulties because they have invested too much in riskier assets such as property, and which have since seen government intervention.

## 2. Background

- 2.1 Treasury management is the process by which our borrowing is managed, and our cash balances are invested. Whilst there are links to the budget, the sums in this report do not form part of the budget. Cash balances reported here cannot be spent, except to the extent shown in the budget report and revenue outturn report.
- 2.2 The Council has incurred debt to pay for past capital expenditure.
- 2.3 The Council also has cash balances. These are needed for day to day expenditure (e.g. to pay wages when they are due). A substantial proportion can only be used to repay debt but (because of Government rules) it has been prohibitively expensive to repay debt early. Thus, they are held in investments.
- 2.4 The report commences with an overview of treasury management, including loans and investments at key dates. It then reviews the credit worthiness of investments and

implementation of our strategy, provides outcomes on key performance measures and concludes by reviewing compliance against limits set by the Council.

2.5 Reports reviewing treasury management activities are submitted twice a year. The previous report was presented to your committee on 15th December 2022.

### 3. **Recommendations**

3.1 Members of the Overview Select Committee are recommended to note the report and make comments to the Director of Finance and the Executive as they wish.

### 4. **Overview of Treasury Management**

#### **Main elements of Treasury Management**

4.1 There are two main elements to treasury management. The first is managing our borrowings which were taken out to finance past capital expenditure. Most capital schemes are now financed by capital grant, and only a limited number of schemes are financed by prudential borrowing (generally those which pay for themselves, together with part-financing the acquisition and construction of new council housing in the Housing Revenue Account). In the past the Government expected us to borrow but allowed for the cost of borrowing in our annual revenue grant settlement, and we still have debt which was taken to meet this capital expenditure.

4.2 Historic debt can sometimes be restructured to save money (i.e. repaying one loan and replacing it with another) and this is always given active consideration. However, Government rules have made it prohibitively expensive to repay loans borrowed from the Public Works Loans Board (PWLB) earlier than the maturity date. However, with the rise in long term interest rates, repaying loans can now be considered for the first time in several years.

4.3 The revenue budget approved by the Council for each financial year includes provision for the interest payable on this borrowing. It also includes a provision for repaying the borrowing over a number of years (broadly speaking over the economic life of the assets acquired).

4.4 The second element of treasury management is cash management which involves managing the Council's investments to ensure the optimum amount of money is in the bank account on a day-to-day basis – so that there is enough money in the account to cover the payments made on the day but no more (as cash held in the bank account earns negligible interest).

4.5 The Council has substantial investments, but this is not “spare cash”. There are four reasons for the level of investments:-

(a) Whilst the Government no longer supports capital spending with borrowing allocations, we are still required to provide money in the budget each year to repay debt on past capital spending. Because of the punitive rules described above, we have not been able to repay any long-term PWLB debt early, and therefore have to invest the cash;

(b) We have working balances arising from our day to day business, such as council tax received before we have to pay wages, and capital grants received in advance of capital spending;

- (c) We have reserves as shown in the budget report and annual outturn report, which are held in cash until we need to spend them. These include the managed reserves strategy which supports future years' budgets, earmarked reserves, significant sums for NHS joint working and funds set aside for the capital programme; and
- (d) We manage funds for the Combined Fire Authority and the Leicester & Leicestershire Enterprise Partnership.

4.6 There has been a significant reduction in cash balances during the second half of the financial year. Balances usually reduce due to the differing profile of receipts and payments in the first and second halves of the year. However, the reduction was higher this year, as for example grants received earlier for items such as bus electrification have been spent, social housing has continued to be acquired and funds were repaid to Government relating to business rates reliefs.

#### Treasury Management Policy and Monitoring

4.7 The activities to which this report relates were governed by the treasury strategy for 2022/23 which was approved by the Council on 23rd February 2022. This established an outline plan for borrowing and investment. The treasury strategy is drawn up in the light of the Council's expected borrowing requirements, its expected cash balances, the outlook for interest rates and the credit worthiness of the banks with whom the Council might invest its cash balances.

4.8 A twice-yearly report is submitted to your committee reviewing the treasury activity undertaken in the year. This report is the final report for 2022/23.

#### Loans and Investments at Key Dates

4.9 Table 1 overleaf shows the loans (money borrowed by the Council) and investments (money invested by the Council) as at 30/09/2022 and at 31/03/2023. The rates shown are the averages paid and received during 2022/23.

4.10 The level of gross debt (total loans borrowed) increased by £10 million, which was due to very short-term additional borrowing for 6 weeks approaching the financial year end. This additional borrowing was fully repaid as planned in April 2023. No new long-term loans have been borrowed and no debt restructuring has taken place during the year.

4.11 Our historic borrowing is predominantly from the Public Works Loans Board, plus two historic bank loans. As discussed at para. 6.4 below, one of these was repaid in April 2023, shortly after the year end. The other is a "LOBO" loan (Lender Option, Borrower Option). This loan is fixed rate, but permits the lender to ask for a rate rise. We have the option to repay if they do. Members may be aware of some criticism of LOBOs nationally, principally in respect of authorities which have complex mechanisms for calculating interest rates (we do not). We do not expect the lender to ask us for a rate rise, though we would be pleased to receive a request as we would then consider taking the opportunity to repay.

4.12 Investments have decreased significantly by £81m from £320m at 30 September 2022 to £238m at 31 March 2023. This change reflects the usual pattern of balances declining towards the end of the financial year as grant income is spent. However, as noted above, the decline in balances during the second part of the year was somewhat greater than experienced in recent years.

- 4.13 Since 2019/20, we have generally invested with other local authorities, rather than banks which have less protection for institutional investors. At the end of the 2022/23 financial year, the Council had no exposure to banks except to Barclays who act as our bankers. We may in the future look to increase our deposits with banks if they can be secured by other assets.
- 4.14 The Council has continued to make use of money market funds which comprise a basket of short-dated loans to financial institutions. The funds that we use are very low risk and have very high credit ratings. We also use them because they are liquid (we can get money back when we need it). We have never lost any money in investing in these funds, but the downside of their safety is that returns are generally quite low.

Table 1- Loans & Investments

	<b>Position at 30/09/2022 Principal £M</b>	<b>Position at 31/03/2023 Principal £M</b>	<b>Average Rate</b>
<b>Long Term Fixed Rate Loans</b>			
Public Works Loan Board (PWLB)	134	134	4.2%
Bank Loan *	25	25	4.4%
<b>LOBO Loans</b>			
Bank Loans	20	20	4.6%
<b>Short Term (less than 6 months) Loans</b>			
Local Authority Loans *	NIL	10	4.75%
<b>Gross Debt</b>	<b>179</b>	<b>189</b>	<b>4.3%</b>
<b>Treasury Investments</b>			
Banks	0	0	
Other Local Authorities	221	197	
Money Market Funds	91	34	
Property Funds	8	7	
<b>Total Treasury Investments</b>	<b>320</b>	<b>238</b>	<b>2.39%</b>
<b>NET INVESTMENTS</b>	<b>141</b>	<b>50</b>	

\* These loans were repaid in April 2023

- 4.15 The investments include property unit trusts valued at £7m. These are unit trusts which invest in property (as opposed to more traditional unit trusts that invest in shares). These trusts have

fallen in value by over £1.6m in the past year, having previously risen in value by over £1m in 2021/22. The capital value has tended to move and is £1.3m below their original purchase price of £8.3m in 2018, although this has been largely offset by £1.1m of income over the period. Our strategy is to hold these investments long term for income; and short-term changes in capital values are not the prime focus of our investment.

- 4.16 The dividends received on the units in the year totalled £290k (a return of 3.5% on the original investment).
- 4.17 The treasury strategy permits additional investments in property funds up to a total value of £30m, but no further such investments have been made during the last year. However, we shall continue to review this position.
- 4.18 The Council’s (Non-Treasury) Investment Strategy also allows the authority to spend capital or make loans to a third party where it is intended to (at least partly) achieve a return. Since 30<sup>th</sup> September 2022, the Council has made two further loans to third parties, namely to Leicester Hockey Club CIC and Leicester Community Sports Arena Ltd. A summary of loans and investments made under the Investment Strategy is shown in table 2 below.

**Table 2- Loans & Investments under the Investment Strategy**

<b>Investment</b>	<b>Total Capital Expenditure or loans outstanding £m</b>	<b>Percentage Return 2022/2023</b>
<b><u>Loans</u></b>		
Ethically Sourced Products Ltd	1.2	4%
Leicestershire County Cricket Club Ltd	2.1	5%
Leicester Hockey Club CIC	0.4	n/a
Leicester Community Sports Arena Ltd	1.5	n/a
<b><u>Other Investments</u></b>		
Haymarket Centre Redevelopment	10.4	2.7%
Pioneer Park*	5.4	4%
<b>Total All Loans &amp; Investments</b>	<b>21.0</b>	<b>3.2%</b>

\* It should be noted that Pioneer Park received grant funding towards the £5.4m capital cost, so the actual return on the Council’s own funding was much greater than the 4% shown.

- 4.19 The repayments of loans to Ethically Sourced Products and Leicestershire County Cricket Club are up to date. The loans to Leicester Hockey Club and Leicester Community Sports Arena were made towards the end of the financial year, and start repayments early in 2023/24.

The Haymarket Centre investment refers to the investment in the hotel accommodation leased to Travelodge, together with new lifts and refurbishment of the car park. Some £8.4m was funded by prudential borrowing. The investment does not refer to the subsequent purchase of the whole centre, which was not funded by borrowing.



## **5. Credit Worthiness of Investments & Interest Rate Outlook**

- 5.1 During 2022/23 we continued to see uncertainty in the economy as a consequence of the Russian invasion of Ukraine and increasing inflationary pressures. However, despite this, we did not see the financial system like fail in the UK like it did in the financial crisis of 2008. This indicated that the corrective measures undertaken then to strengthen the banks have worked so far.
- 5.2 The governments of the largest world economies, including the UK, have implemented measures to make banks less likely to fail but also to reduce the impact on the financial system and on taxpayers if they do fail. The measures for dealing with a failing bank see investors who are not protected by the Financial Services Compensation scheme (which includes us) who have lent or deposited money, taking significant losses before there is any taxpayer support (“bail in”). These developments are reflected in the Council’s approach to managing credit risk in its treasury strategies and the very low level of lending to banks.
- 5.3 The position is continually under review. One factor is that other regulatory developments are continuing to require or push banks towards greater financial robustness. Banks are now required to “ring fence” bank deposits from other riskier activities.
- 5.4 The Council has an indirect exposure to banks (including non-UK banks) through its investment in money market funds. Money market funds are like “unit trusts” but rather than investing in company shares these funds make interest bearing investments such as bank deposits. When we open such funds, they are vetted to ensure that they have strong investment and risk management processes, and we receive advice from our treasury advisor, Arlingclose.
- 5.5 Investments valued at £7m are held in two property funds, the Lothbury Property Trust and the Threadneedle Property Unit Trust. Further details are given at para. 4.15 above.

## **6. Implementation of Borrowing & Investment Strategy**

- 6.1 The strategy approved by Council for 2022/23 envisaged using cash balances to underpin new prudential borrowing and HRA social housing acquisitions and new build, instead of borrowing externally. This strategy has been adhered to.
- 6.2 Total investment income during 2022/23 was £4.35m. This was significantly greater than the £1.6m originally budgeted due to sharply rising interest rates, though most of this difference was taken into account within the period 6 and period 9 budget monitoring reports.
- 6.3 Given that the Council continues to have a high level of investments, active consideration is given to the possible early redemption of a limited amount of debt. In previous years repaying debt was not considered to be financially viable because of high premia costs, but in 2022/23 for the first time in over 15 years, it came under serious consideration.
- 6.4 In April 2023 we repaid the Barclays loan of £25m at 4.4% which was due for repayment in the year 2077. The repayment will save £1.1m interest p.a. although this will be offset to some extent by the loss of interest on the funds used for the repayment. A premium of £2.18m was payable, which will be written down at £40k p.a. over the next 54 years (to 2077). In practice, this equates to a 4% p.a. overall return on the funds used. The precise long term effect of this repayment is of course impossible to predict, though our advisors’ model suggested potential savings of £6m using a discount rate of 3% (or even £18m applying no discount for inflation). A major reason, however, for repaying the loan was to reduce risk if interest rates fall back

again in the future, and hence the interest received on the funds that would have been retained by the Council once again fell below the interest payable on the loan.

## 7. **Key Performance Measures**

7.1 The most important performance measures are the rate of interest on the Council’s borrowings, the timing of borrowing decisions, the timing of decisions to prematurely repay debt, the return on investments and the full repayment of the principal amounts invested.

7.2 The following table compares our performance against that of participating authorities. It is a “snapshot” of investments held at 31<sup>st</sup> March 2023 (table 2 above shows the average for the year).

**Table 3 – Key Performance Data**

<b>Investment</b>	<b>Leicester City Council</b>	<b>All Authorities <sup>1</sup></b>
Income return on short-term investments	2.38%	3.67 %
Income return on long-term strategic investments	2.81%	3.93%
<b>Total Income return</b>	<b>2.39%</b>	<b>3.66%</b>
Strategic funds capital gain/(loss)	(19.57)%	(11.85)%
<b>Total Return</b>	<b>1.81%</b>	<b>1.57%</b>

1. Data compiled by our treasury advisors

7.3 The average rate of interest on all investments for participating authorities at 31<sup>st</sup> March 2023 is 3.66%, whilst the Council’s own rate was lower at 2.39%. This is partly explained by differences on income from longer term investments, in that the Council has no investments in unsecured bank deposits and fewer longer dated strategic funds invested in assets such as property and equities than many other authorities. This reflects a prudent approach to security of our investments. However, the overall return including capital gains/losses was 1.81% for the Council, compared to 1.57% for all authorities.

7.4 The Council has a lower proportion of higher risk longer-term investments such as property funds than the average authority. Whilst this will reduce income returns, it also reduces our risk from capital losses which is particularly important following recent events. A few authorities have got into major difficulties because they have invested too much in riskier assets, and have since seen government intervention.

7.5 Higher investment returns are always available if higher risk is accepted. Risk can take the form of credit risk (money due is not paid) or market risk (the value of investments fall). However, the trade-off between risk and reward was considered when investment strategies were set for 2022/23 and in the current economic climate continues to be a most important consideration.

7.6 In practice, there is no such thing as a representative “average” authority. The benchmarking data shows a division between the authorities that use longer term and more risky assets (about half of all authorities) and those adopting a more cautious approach. We fall nearer to the cautious side of the two as we have only a small proportion of longer-term assets.

## 8. **Use of Treasury Advisors**

8.1 The Council is advised by Arlingclose Ltd. They advise on all aspects of treasury management, but their main focus is on providing advice on the following matters:

- the creditworthiness of banks
- the most cost effective ways of borrowing
- appropriate responses to Government initiatives
- technical and accounting matters.

## 9. **Compliance with the Council's Treasury Strategy**

9.1 As required by the statutory borrowing framework, the Council is required to set a number of prudential limits and indicators. These limits are set annually and can be found within the budget and treasury strategy.

9.2 For the operational implementation of the Council's treasury management strategy the most important limits and indicators that need to be monitored throughout the year are:

- The authorised limit – the maximum amount of borrowing that the Council permits itself to have outstanding at any one time
- The operational limit – a lower limit to trigger management action if borrowing is higher than expected.
- The maximum proportion of debt that is fixed rate.
- The maximum proportion of debt that is variable rate.
- Limits on the proportion of debt maturing in a number of specified time bands.
- Limits on sums to be invested for more than 364 days.

9.3 These limits have been complied with.

## 10. **Financial and Legal Implications**

10.1 This report is solely concerned with financial issues. Kamal Adatia, Legal Services, has been consulted as Legal Advisor and there are no legal issues.

## 11. **Other Issues**

OTHER IMPLICATIONS	YES/NO	Paragraph Within Supporting information	References
Equal Opportunities	No		
Policy	No		
Sustainable and Environmental	No		
Crime and Disorder	No		
Human Rights Act	No		
Elderly/People on Low Income	No		
Corporate Parenting	No		
Health Inequalities Impact	No		

12. **Background Papers**

- 12.1 The Council's Treasury Management Strategy - "Treasury Strategy 2022/2023" (Council 23rd February 2022); and The Council's Treasury Policy Document – "Framework for Treasury Decisions" – Council 19<sup>th</sup> February 2020.

13. **Consultation**

- 13.1 Arlingclose Ltd (the Council's Treasury Management advisers).

14. **Author**

- 14.1 Nick Booth, Treasury and Investments Manager, extension 37 4063.

Amy Oliver  
Director of Finance.

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# **Income Collection April 2022 – March 2023**

Decision to be taken by: N/A

Date of meeting: 13<sup>th</sup> July 2023

Lead director: Amy Oliver, Director of Finance

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## Useful information

- Ward(s) affected: All
- Report author: Ben Matthews
- Author contact details: Ben.Matthews@leicester.gov.uk
- Report version number: V1

### 1. Summary

This report details progress made in collecting debts raised by the Council during the 2022-23, together with debts outstanding and brought forward from the previous year. It also sets out details of debts written off under delegated authority that have not been possible to collect after reasonable effort and expense. This is a routine report made to members twice each year.

The key current issue for debt collection, now that the effects of the pandemic are largely over, is the cost of living crisis. Officers are keenly aware of the problems this presents for some of our citizens and businesses. Measures are being taken where necessary to assist those struggling to pay, including adopting four of the six Money Advice Trust's 'Stop the Knock' campaign steps for the collection of Council Tax. As yet, there is insufficient evidence to determine the impact it is having on our income, we will continue to keep a close look on this as the situation develops.

Members will also be aware that the Council offers a range of support to help people maximise their household income, seek reductions to their council tax, and claim short term one-off support to help with rent and other costs. These include the 'BetterOff Leicester' website, the Household Support Fund, council tax support scheme, council tax discretionary relief, discretionary housing and council tax payments, an online budgeting tool and pointers to financial support offered by other agencies. Full details can be found at <https://www.leicester.gov.uk/your-community/benefits-and-other-support/>.

Figures included in this report should be seen in the context of the total amount of income collected by the Council from the public each year: in 2022/23 this was £465m. Whilst some debt is difficult to collect, and some people find it difficult to pay, ultimately we collect nearly all of the money due to us.

### 2. Recommended actions/decision

2.1 The OSC is recommended to:

- Consider the overall position presented within this report and make any observations.

### 3. Scrutiny / stakeholder engagement

N/A

#### **4. Background and options with supporting evidence**

Appendix A is a summary of all debt.

Appendix B provides more detailed information and narrative for each main category of debt.

Appendix C provides a summary of all the write-offs during the period.

Appendix D provides a summary of Write Offs Over £5k for 2022/23.

#### **5. Detailed report**

See appendices

### **6. Financial, legal, equalities, climate emergency and other implications**

#### 6.1 Financial implications

The report details the Council's performance in collecting debts, and amounts which have had to be written off.

Colin Sharpe, Deputy Director of Finance, ext. 37 4081

#### 6.2 Legal implications

Where appropriate debts are the subject of legal action through the courts.

Jeremy Rainbow – Principal Lawyer (Litigation) Ext 37 1435

#### 6.3 Equalities implications

The Council must make every effort to collect its due debts. The Council's debt policy aims at ensuring that the Council collects debt in a fair, proportionate and respectful manner. Communications with residents should be designed to prompt timely payment from residents who can pay, and early engagement from those who may have difficulties in keeping up with paying the necessary instalments on their bill, and may be in broader financial difficulty.

Copies of the debt policy and the rent arrears policy are available on the Council's website <https://www.leicester.gov.uk/your-council/how-we-work/debt-enforcement/if-you-are-struggling-to-pay>

Recovery action needs to strike a fair balance between sensitivity to debtors who are struggling to pay and the interests of the public as a whole (the income expected is part of our budget).

Effective communications are central to maximising income collection. Timely and accessible communications will help customers make the required payments. It is important to provide information clearly and transparently to debtors on what/how to pay, what to do if they can't pay and what actions we may take; assist them in understanding the situation, their options and what is required of them as individuals before further recovery progression.

Equalities Officer, Surinder Singh, Ext 37 4148

#### 6.4 Climate Emergency implications

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

Aidan Davis, Sustainability Officer, Ext 37 2284

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

No other implications are noted as this is an Income Collection report, and therefore no policy changes are proposed.

### **7. Background information and other papers:**

Finance Procedure Rules

Debt Policy and Rent Arrears Policy

### **8. Summary of appendices:**

Appendix A is a summary of all debt.

Appendix B provides more detailed information and narrative for each main category of debt.

Appendix C is a summary of all write offs.

Appendix D provides a summary of Write Offs Over £5k for 2022/23.

### **9. 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



**10. Is this a “key decision”? If so, why?**

No

**Summary of all Debt**

<b>Income Type</b>	<b>Debts brought forward @ 1/4/2022 £m</b>	<b>Debt raised £m</b>	<b>Collected £m</b>	<b>Written off £m</b>	<b>Debts outstanding @ 31/03/23 £m</b>
Non-Domestic Rates (including Costs)	<b>13.66</b>	98.66	(97.53)	(1.70)	<b>13.09</b>
Council Tax (including Costs)	<b>29.22</b>	166.34	(159.91)	(1.27)	<b>34.38</b>
Housing Benefit Overpayments	<b>10.10</b>	2.27	(3.32)	(0.39)	<b>8.66</b>
Council House Rents	<b>3.08</b>	82.13	(82.19)	(0.17)	<b>2.85</b>
On and Off-Street Car Parking fines	<b>1.94</b>	4.03	(2.20)	(1.41)	<b>2.36</b>
Bus Lane Enforcement	<b>0.71</b>	1.52	(0.98)	(0.26)	<b>0.99</b>
Other Income	<b>22.30</b>	118.68	(118.38)	(0.54)	<b>22.06</b>
<b>Totals</b>	<b>81.01</b>	<b>473.63</b>	<b>(464.51)</b>	<b>(5.74)</b>	<b>84.39</b>

## 1. Business Rates

### 1.1 Headline Figures for period under review including costs

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off £m	Uncollected debt c/f £m
13.66	98.66	(97.53)	(1.70)	13.09

### 1.2 Background and comparator information

#### Background Information

Business Rates are a national tax paid by approximately 12,760 businesses in Leicester.

#### Comparator Information

Debt collection was affected by the pandemic, although there have been continued improvements in collection during 2022/23. Below shows the collection rate over the last four years:

- Collection 2019/20 – 95.68%
- Collection 2020/21 – 89.66%
- Collection 2021/22 – 95.86%
- Collection 2022/23 – 95.85%

In comparing years, it should be borne in mind that many businesses continued to receive some business rate relief in 2022/23, reducing the amount to be collected.

As at 31st March 2023, our collection performance places us 8<sup>th</sup> out of 13 authorities with comparable populations. However, it should be noted that due to the close nature of the comparator authorities, small differences in the collection rate result in a greater movement in places.

### 1.3 Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	5	13
Deceased – No Assets	1	4
Insolvent / Bankrupt/ Liquidated	264	1,851
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write ons	53	(170)
<b>Totals</b>	<b>323</b>	<b>1,698</b>

#### 1.4 Volume/policy/statutory changes that have occurred during the period and their impact

##### Changes

The retail, hospitality and leisure business rates relief scheme which was introduced by the Government in the pandemic has been scaled down in 2022/23 and now only covers 50% of rates due up to a cap of £110k per eligible business.

The payment of rates due from schools was also centralised to the Education & Skills Funding Agency (ESFA).

#### 1.5 Summary of measures taken to recover debt

##### Debt recovery measures

Economic conditions and energy cost rises are expected to impact collection of business rates and recovery action was again paused from March 2022 to the beginning of June 2022 to focus on paying grants to support businesses. Normal recovery processes are planned to resume in 2023/24.

Our normal recovery process is:

- A reminder will be sent if an instalment is missed.
- If the instalment is paid within 7 days of the reminder, the right to pay by instalments is maintained; if a subsequent instalment is missed a final notice will be issued stating that the right to pay by instalments has been lost and the full charge has become payable.
- If the instalment is not paid within 7 days of the reminder, the full charge becomes payable.
- If the full charge becomes payable and is not paid within 7 days, a summons will be issued, and a liability order sought at the Magistrates' Court. Costs become payable at this stage.

## 2. Council Tax

### 2.1 Headline Figures for period under review including costs

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off £m	Uncollected debt c/f £m
29.22	166.34	(159.91)	(1.27)	34.38

### 2.2 Background and comparator information

#### Background information

Council tax is a national tax, charged to almost 143,700 properties in Leicester. The amount we collect includes sums charged by the combined fire authority and the police and crime commissioner.

#### Comparator information

The following shows the percentage debt collection in the year it is raised. It is pleasing to note debt collected is similar to the previous year, despite the cost of living pressures. The aim is to reach collection to pre-covid levels, whilst protecting and helping the most vulnerable.

- Collection 2019/20 – 94.64%
- Collection 2020/21 – 91.64%
- Collection 2021/22 – 92.97%
- Collection 2022/23 – 92.62%

It should be noted that unpaid debt on 31st March continues to be collected in the following year. To 31st March 2023 we had collected £6.0m of the £29.2m prior years' debt due.

As at 31st March 2023, our collection performance places us 12<sup>th</sup> out of 13 authorities with comparable populations.

## 2.3 Debt write-off

<b>Reason for Write Off</b> ↓	<b>No.</b>	<b>Value £000</b>
Unable to Trace	832	737
Deceased – No Assets	137	95
Insolvent / Bankrupt/ Liquidated	512	478
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write ons	2,353	(37)
<b>Totals</b>	<b>3,834</b>	<b>1,273</b>

## 2.4 Volume/policy/statutory changes that have occurred during the period and their impact

Changes

Council tax recovery action was paused from March 2022 to the beginning of June 2022, to enable staff to focus on making the council tax energy rebate payments to all eligible city households as quickly as possible. The schemes closed on 30th November 2022 and 131,511 payments were made, with a total value of £19.7m. Normal recovery processes are planned to resume in 2023/24.

As of 31st March 2023, council tax support has been credited to 24,326 accounts, at a cost of £24.3m to the Council.

The Council Tax Discretionary Relief scheme also provides support to households experiencing extreme financial hardship. As of 31st March 2023, just over £610k was paid to eligible households to make their council tax payments affordable. This is funded by the Council.

## 2.5 Summary of measures taken to recover debt

### Debt recovery measures

The Council is continuing to review local taxation debt collection practices and has adopted four of the six Money Advice Trust's 'Stop the Knock' campaign steps. We are committed to reduce our use of enforcement agents (bailiffs) over time and will continue our approach to free debt signposting. Building upon current informal arrangements with Citizens Advice Leicestershire and other partners, we have implemented a formal vulnerability policy and a Standard Financial Statement to objectively assess affordability. Billing, recovery, and enforcement policies will continue to be reviewed as circumstances change.

In addition, we give every opportunity during the debt recovery process for customers to contact us, to make a payment arrangement, to be referred for debt advice, to be considered for discretionary help, and to look at any other ways of reducing the bill. Therefore, where all engagement efforts have failed, we do not necessarily exempt council tax support recipients from enforcement agent action as recommended by 'Stop the Knock'. We have not formally adopted the Citizens Advice Council Tax Protocol, as we believe our local recovery processes are more relevant and up to date.

As stated above, all recovery action was paused from March 2022 to the beginning of June 2022. The usual process after a reminder instalment has been missed is:

- If the instalment is paid within 7 days of the reminder, the right to pay by instalments is maintained; if a further instalment is missed, another reminder can be issued; if a third instalment is missed, a final notice will be issued stating that the right to pay by instalments is lost and the full balance becomes payable.
- If the instalment is not paid within 7 days of the first /second reminder, the right to pay by instalments is lost and the full balance becomes payable.
- If the full balance becomes payable and is not paid within 7 days, a summons will be issued, and a liability order sought at the Magistrates Court.

At every stage of the recovery process, the council taxpayer is offered a formal payment arrangement. Within the recovery process, safeguards have been put in place to protect the most vulnerable.

Understanding the struggles households and businesses may be experiencing, we continue to encourage residents and ratepayers to contact the Council as soon as possible so that a suitable payment arrangement or any entitlement to discounts, exemptions and discretionary relief can be discussed.

Furthermore, any customer contacting us with regards to their council tax payments, is being referred to the Council's "Better Off" information on our website, where they can receive help with benefits and other advice and support.

We are also ensuring that customers struggling to pay can speak to a council tax officer to discuss payment of the outstanding debt and any other support that may be available.

### 3. Overpaid Housing Benefit

#### 3.1 Headline Figures for period under review including costs

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off £m	Uncollected debt c/f £m
10.10	2.27	(3.32)	(0.39)	8.66

#### 3.2 Background and comparator information

##### Background information

The main cause of housing benefit overpayments is delays in recipients telling the Council of changes in their circumstances, resulting in too much benefit being paid. By its nature overpaid housing benefit is difficult to collect. Of the £8.66m outstanding, processes are in place to recover debt wherever possible.

Overall, housing benefit debt continues to reduce from £10.10m at 31/03/2022 to £8.66m as at 31/03/2023.

##### Comparator information

##### Debt outstanding at:

- 31/03/2018 £17.09m
- 31/03/2019 £15.50m
- 31/03/2020 £13.11m
- 31/03/2021 £11.62m
- 31/03/2022 £10.10m
- 31/03/2023 £8.88m



### 3.3 Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	60	32
Deceased – No Assets	16	33
Insolvent / Bankrupt/ Liquidated	17	11
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write ons	1,362	309
<b>Totals</b>	<b>1,455</b>	<b>385</b>

### 3.4 Volume/policy/statutory changes that have occurred during the period and their impact

#### Changes

There are no changes to report on overpaid housing benefit.

### 3.5 Summary of measures taken to recover debt

#### Debt recovery measures

Debt is collected by means of deduction from ongoing benefit payments if there is a current entitlement to housing benefit.

Legislation permits us to deduct overpayments from other state benefits. However, when people transfer to universal credit our ability to collect weakens as we are 19th on the priority of creditors list.

If there is no current housing benefit entitlement, payment is requested from the customer in the first instance before an invoice is raised.

Where no benefits are in payment, but the debtor is in employment we seek to obtain a Direct Earnings Attachment.

The Council continues to work with those struggling to pay on a case-by-case basis, offering payment arrangements.

## 4. Housing Rent

### 4.1. Headline Figures for period under review

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off £m	Uncollected debt c/f £m
3.08	82.13	(82.19)	(0.17)	2.85

### 4.2 Background and comparator information

#### Background information

The Council collects rent from approximately 18,800 tenancies across the city. Approximately, 6,600 of our tenants (35%) are on full or partial housing benefit and 6,500 (35%) on Universal Credit (UC). The debt raised and collected includes the element paid by housing benefit.

#### Comparator information

Arrears have decreased by £200k over the past year; this positive movement in rent arrears is welcomed, given the significant increase in cost of living. However, we are aware of the impact of the cost of living and will continue to support tenants and closely monitor outstanding debt.

### 4.3. Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	0	0
Deceased – No Assets	0	0
Insolvent / Bankrupt/ Liquidated	0	0
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write ons	138	171
<b>Totals</b>	<b>138</b>	<b>171</b>

#### 4.4. Volume/policy/statutory changes that have occurred during the period and their impact

##### Changes

It is now over 5 years since the implementation of UC, and it is anticipated from the DWP that the full UC migration will be completed by March 2024.

#### 4.5 Summary of measures taken to recover debt

##### Debt recovery measures

The Housing Income Management Team work collaboratively with the Department for Work & Pensions (DWP) and work coaches from the local Job Centre Plus to minimise any impact of UC roll out. Tenants continue to be supported with income maximisation and claims for HB and UC, which can assist with rent payments. The team also provide support to claim Discretionary Housing funds.

The team has 8 Rent Management Advisors (RMA), to support the most vulnerable tenants or those with complex needs, with claiming and maintaining UC and welfare benefits. Currently, the RMA's have received over 900 referrals, an increase of 55% from the previous year. Again, this trend is likely to increase over the coming months as a direct impact of the cost-of-living crisis.

The ultimate sanction for rent arrears is eviction as the option of last choice, however the team works with tenants to prevent this. We continue to encourage anyone with outstanding debt who is struggling pay to contact us as soon as possible.

## 5. Parking Fines (Penalty Charge Notice)

### 5.1 Headline Figures for period under review

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off £m	Uncollected debt c/f £m
1.94	4.03	(2.20)	(1.41)	2.36

### 5.2 Background and comparator information

#### Background information

The Council issues penalty notices for both on-street and off-street parking charge evasion, as well as illegal parking. There are two nationally set rates based on the seriousness of the offence, details below.

- £25 or £35 if paid within 14 days.
- £50 or £70 if paid after 14 days.

When the penalty notices are written off, they are done so at the full rate plus costs.

#### Comparator information

The percentage of tickets issued during the year, paid at 31<sup>st</sup> March.

- 2021/22 – 75%
- 2022/23 – 75%

### 5.3. Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	6,075	576
Deceased – No Assets	21	2
Insolvent / Bankrupt/ Liquidated	92	9
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write ons	8,043	826
<b>Totals</b>	<b>14,231</b>	<b>1,413</b>

**5.4 Volume/policy/statutory changes that have occurred during the period and their impact**

Changes

There has been an increase in the number Civil Enforcement Officers carrying out patrols and the number of PCN's issued has increased from 68,104 in 2021/22 to 84,418 in 2022/23 as we return to full enforcement and pre pandemic levels of traffic and consequently on and off street parking.

**5.5. Summary of measures taken to recover debt**

Usual Debt recovery measures

- Reminder letters
- Legal action

## 6. Bus Lane Enforcement Fines

### 6.1 Headline Figures for period under review

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off £m	Uncollected debt c/f £m
0.71	1.52	(0.98)	(0.26)	0.99

### 6.2 Background and comparator information

#### Background information

The Council issues penalty notices for driving in those bus lanes with enforcement measures. The fine for driving is £70, reduced to £35 if paid within 21 days. If not paid, the fine may increase to £105.

When the penalty notices are written off, they are done so at the full rate plus costs.

Collection of bus lane enforcement debt has been carried out on our behalf by Nottingham City Council. This will in future be carried out in-house, with the exception of reviewing CCTV footage which will remain with Nottingham City Council.

#### Comparator information

The percentage of tickets issued during the year, paid at 31<sup>st</sup> March

- 2021/22 - 64%
- 2022/23 - 64%

## 6.3 Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	2,087	196
Deceased – No Assets	7	1
Insolvent / Bankrupt/ Liquidated	11	1
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write ons	809	58
<b>Totals</b>	<b>2,914</b>	<b>256</b>

## 6.4 Volume/policy/statutory changes that have occurred during the period and their impact

Changes

As pandemic restrictions have ceased and more traffic has returned to the roads, there has been an increase in contravention, but not to pre-covid levels. Since 31st May 2022 all moving traffic contraventions fall under new regulations and are levied at £70, which is discounted to £35 if paid within 21 days. This is an increase in the rate previously charged in respect of most lanes.

## 6.5 Summary of measures taken to recover debt

Usual Debt recovery measures

- Reminder letters
- Legal action

## 7. Other Income

### 7.1 Headline Figures for period under review including costs

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off/back £m	Uncollected debt c/f £m
22.30	118.68	(118.38)	(0.54)	22.06

### 7.2 Background and comparator information

#### Background information

“Other Income” includes all income other than the sources described above. It covers a wide variety of income from various individuals and organisations. Examples include commercial property rent, adult social care costs relating to residential and non-residential care, and repairs and maintenance charges relating to Council property.

Unlike other sources of debt, the total debt value can fluctuate based on the type and timing of income being collected. Therefore, when reviewing this type of debt, we focus on aged debt as the main measure of performance rather than value.

#### Comparator information

Debt over 12 months old (aged debt) has increased in the past year, although (despite the cost of living crisis) the increase has been small:

- 31/03/2019 £3.59m
- 31/03/2020 £3.48m
- 31/03/2021 £4.33m
- 31/03/2022 £4.48m
- 31/03/2023 £5.25m



### 7.3 Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	52	13
Deceased – No Assets	548	346
Insolvent / Bankrupt/ Liquidated	15	19
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write ons	1,074	164
<b>Totals</b>	<b>1,689</b>	<b>542</b>

### 7.4 Volume/policy/statutory changes that have occurred during the period and their impact

#### Changes

Higher living costs and rising energy bills are expected to have an impact on the recovery of outstanding debt. We continue to encourage anyone with outstanding debt who is struggling pay to contact us as soon as possible.

### 7.5 Summary of measures taken to recover debt

#### Debt recovery measures

The debt recovery measures detailed below are part of our normal process, but the Council continues to offer support where required for those suffering financial hardship.

Normally, a first reminder is issued at 14 days when an invoice remains unpaid. Seven days later a second reminder is issued.

A letter before action, known as a letter of claim, follows if the case is suitable for enforcement in the county court. If the Council obtains a judgement or an order for recovery of an award and if payment is still not forthcoming, the next actions can include:

- Referral to an enforcement agent
- Third party debt order
- Attachment to earnings
- Charging Order

Cases not suitable for enforcement through county court procedures are referred to enforcement agents for collection. Debtors are encouraged to engage with our support offer.

**Summary of all Write Offs**

The table below provides detail on the reasons why debt is written off during the year.

<b>Income Type</b>	<b>Unable to trace £000</b>	<b>Deceased - no assets £000</b>	<b>Insolvent/ Bankrupt/ Liquidated £000</b>	<b>Irrecoverable at reasonable expense/including adjustments for costs and write ons £000</b>	<b>Total Write Offs @ 31/03/2022 £000</b>
Non Domestic Rates (including Costs)	13	4	1,851	(170)	<b>1,698</b>
Council Tax (including Costs)	737	95	478	(37)	<b>1,273</b>
Housing Benefit Overpayments	32	33	11	309	<b>385</b>
Council House Rents	0	0	0	171	<b>171</b>
On and Off-Street Car Parking fines	576	2	9	826	<b>1,413</b>
Bus Lane Enforcement	196	1	1	58	<b>256</b>
Other Income	13	346	19	164	<b>542</b>
<b>Totals</b>	<b>1,567</b>	<b>481</b>	<b>2,369</b>	<b>1,321</b>	<b>5,738</b>

## Appendix D

### Write Offs Over £5k for 2022/23

<b>Income Type</b>	<b>No. of Write Offs</b>	<b>Value £000</b>
Non Domestic Rates (including Costs)	80	1,683
Council Tax (including Costs)	11	70
Housing Benefit Overpayments	10	96
Council House Rents	3	23
On and Off-Street Car Parking fines	0	0
Bus Lane Enforcement	0	0
Other Income	16	355
<b>Totals</b>	<b>120</b>	<b>2,227</b>

Financial procedure rules require any individual write-offs in excess of £100,000 to be itemised There was one such write-off in 2022/23.

- £251,370 of Non Domestic (business) Rates owed by Arcadia Group Ltd and written off following their liquidation.

